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Georgia State University Forecast

Georgia and Atlanta 1983-1985

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GEORGIA ECONOMY CATCHES SECOND WIND AS 1983 ENDS

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Recent Activity

During the second quarter of 1983, nonfarm personal income in Georgia increased at an annual rate of 11.5%, considerably ahead of the 9% annual rate recorded nationwide. Georgia's personal income during the first year of recovery also was more robust than nationwide, increasing 8.4% as compared to 5.7% for the country. These stronger gains in personal income reflect two factors: one, wage concessions have been less dramatic in the relatively robust Georgia economy, leading to a slightly higher rate of inflation than nationwide; second, employment in Georgia has expanded 1.9% in the last year and at an annual rate of 3.3% during the summer quarter as compared to an annual gain of 0.9% for the nation and a third quarter gain of 3.0%. Thus, much of the data suggests that the Georgia economy is rebounding more rapidly than nationwide even after slumping less dramatically than the nation during the previous recession.

However, our coincident indicators show a slightly different story. Over the last year, economic activity appears to have increased 4.1% in Georgia as compared to 4.6% nationwide. While the nation surged 9.7% at annual rates in the second quarter, the Georgia coincident indicators were consistent only with a gain of 4.1%. In the third quarter, state activity was up 6.5% while national gains slowed to 7.9%. This evidence from the coincident indicators is more appropriate, as the reduced amount of economic stress suffered by Georgia corporations did not lead to the same degree of cost-cutting and productivity-boosting that has been observed in other parts of the country. This is why corporate tax collections rebounded significantly throughout the nation before they began showing a positive trend in Georgia.

This is not to say that Georgia's industry has lost its comparative advantage relative to other producers. During recoveries, productivity gains are especially significant where previous economic stress has been most dramatic. Once these industries return to a normal production schedule, fundamental worker attitudes and management techniques and the productive behavior of available technology become important. In addition, cyclical swings are more dominant in durable goods industries, which are under-represented in the Georgia economy. Once the recovery is completed nationwide, the Georgia economy should once again outperform national indicators.

Indeed, Georgia's leading indicators for September suggest that such a condition soon will develop. In September the leading indicators rose 0.7% in Georgia, the equivalent of a 2.0% increase on the national index. While the national index also rose robustly, a gain of 0.9%, half that gain was the result of a swing in net business formations, which relies heavily upon telephone hook-ups. Because of the Communication Workers' strike, such hook-ups were abnormally depressed in August. Thus, the Georgia economy should again outperform national activity in the quarters ahead. Also, employment and personal income gains, which already are outstripping national levels, should continue to perform vigorously relative to the national trend.

According to personal income data, Georgia outperformed the nation in all sectors during the second quarter with the exception of durable manufacturing, finance, and military payrolls. Farm incomes soared by 51.5% at annual rates, as compared to a 19.8% gain in the nation, while construction payrolls ballooned by 29.2%, a dramatic improvement over the 19.5% gain nationwide. State transfer payments (other than unemployment benefits) also grew faster than they did in the nation.

After growing more slowly than the coincident indicators during the second quarter, the leading indicators recently have leaped ahead of current activity. This relative gain indicates that economic activity in Georgia will be strengthening in the months ahead. Moreover, the leading indicators have increased by 3.6% over the last year, indicative of a moderately strong economic expansion in the next 12 months. Three months ago, the indicators were reflecting significant near-term growth but showed only moderate strength during the expansion phase of the Georgia economy. The current indicators are much more positive. Not only should economic activity remain relatively strong in the next few months, but economic growth should continue to be strong in the next year.

The one problem area that provides a damper for this outlook is the performance of state revenues. Our leading indicators show that, after adjustment, total revenues declined for three consecutive months during the summer. To some extent, this is misleading, as the state delayed issuing refund checks in order to technically balance the previous year's budget. As a result, refunds were netted out of personal income tax collections for the summer, when they normally would have impacted revenue flows in the spring. Now that this revenue adjustment has been completed, state revenues should once again move strongly forward. However, the refund ploy is the equivalent of transferring receipts from the current fiscal year to the previous fiscal year. Because of this activity, it is unlikely that budget projections can be realized for this year. Thus, the government sector must remain a weak link in an otherwise strong Georgia economy.

Indeed, all the other leading indicators rose in September. Strongest contributions are coming from nonresidential construction contracts, which have strengthened dramatically during the summer months. The consumer continues to show vigorous support for the economy, as reflected in sales tax receipts. Savings capital again is flowing into mortgage lending institutions, while initial unemployment claims fell sharply in September. The important workweek also expanded significantly in September. This last index suggests that employment probably will increase significantly during the fourth quarter.

The strongest gain in Georgia's coincident indicators was registered by bank deposits, probably reflecting an increase in financial transactions during the quarter. Other large contributors were a decline in the insured unemployment rate, a decline in the value of unemployment claims, and gains in the index of hours worked. As PIK crops have not yet been dispersed in Georgia, farm cash receipts continue to slide significantly. However, the Georgia farm economy probably reached its low point in September and will begin to contribute positively to the state's economy in the remainder of this year.

Seasonally adjusted nonagricultural employment, as shown in Table 5, suggests that construction employment strengthened during the summer months rather than during the spring, as suggested by the personal income reports.

Because of significant gains in nonresidential construction contracts, which have been only partially offset by significant declines in public contracts, employment in the construction industry is expected to remain high even as a housing boom unwinds toward more sustainable levels in the Atlanta area. Manufacturing began to recover strongly during the summer, and extended its gains through September. Indeed, the summer's data were distorted by the Communications Workers' strike. While that strike obviously reduced payrolls of communications workers during the summer months, many analysts are unaware that the cable plant operated by Western Electric in Norcross also was shut by the strike. This plant is included in primary metals. Now that the strike has been settled, primary metals have bounced back and are recovering from their second-quarter lows. Activity also is showing strong gains in fabricated metals, nonelectrical machinery, which also is powering the early phases of expansion nationwide, electrical machinery, and transportation equipment. Most of the improvement in transportation equipment has been in auto parts plants. The decision to add workers to Hapeville and to reopen the Lakewood auto assembly plant late in 1984 are not yet influencing employment. Moreover, hiring for the C-5B program is not expected to be significantly reflected in the transportation equipment sector until the fall of 1984. Thus, durable manufacturing is showing a significant rebound and still has more good news ahead.

The rebound in nondurables also has been impressive. However, the gains in the textile industry are almost exclusively in carpeting, where employment is 3200 above previous year levels. Even during the early phases of recovery, cotton broadcloth mills are continuing to lose business to imports. Imports also have been a problem for apparel, but the surge in customer purchases has been sufficient to permit domestic producers to rehire some of their employees. However, an early spring buying surge is not expected to be repeated, suggesting that most of the recovery in apparel already has been accomplished. Recovery in paper, however, has not yet begun. While fine papers are doing well, heavy package materials continue to lag behind. Nonetheless, further employment gains in all nondurables, including paper, are likely in the months ahead.

The rebound in transportation services has been slower than normally would develop on the basis of the rebound in goods production. Problems with the airlines probably are restraining these gains. Strong gains in personal income are being used by Georgians to purchase goods, as reflected by significant and continuing gains in retail employment. Such an increase in retailing activity also has been met by a significant surge in wholesale activity. The financial community also is expanding rapidly while the service sector continues to show its 4% per year payroll employment growth. The only significant laggard at the present time is in state and local government, where continuing budgetary problems do not hold out early promise for significant job expansion. On the whole, however, employment in Georgia expanded in almost every sector during the summer months, and the leading indicators suggest that more of the same should be expected in the fall.

In September, the unemployment rate in Georgia remained stuck at 7.0%, a level it reached during the spring. Indeed, unemployment has declined only from 7.6% a year ago. Nationwide, the decline has been from 9.7% to 8.8% over the same period. Athens continues to show the lowest unemployment rate, although it drifted upward slightly to 6.0% in September. Atlanta follows closely with an unemployment rate of 6.1%, but that is only marginally better than the 6.4% that

existed a year ago. In particular, the metropolitan area had no recession, and therefore, is not experiencing significant fruits from recovery. Instead, it has merely continued to register moderate expansion. Savannah continues to have problems with its paper plants and port facilities. The unemployment rate stood at 8.5% in September, and was up from 7.9% a year ago. Macon also registered an increase in unemployment in the last year, rising from 7.2% to 7.8%. Columbus is following its normal recovery gains after experiencing significant recessionary job losses. In the last year, the unemployment rate in that city has declined from 9.1% to 8.4%. The biggest disappointment so far in this recovery has been the Albany economy. The important agricultural components in that economy have not performed well during a year of drought and PIK. As a result, the unemployment rate has increased from an already high 9.3% a year ago to 10.1% this September. Fortunately, improving farm incomes should begin to lower that unemployment as 1984 commences. Augusta also has had a disappointing year, although the unemployment rate has improved from a dismal 10.6% a year ago to a poor 9.1% currently. Here, too, however, longer term prospects are favorable. The presence of G. D. Searle in the Augusta area should begin to significantly lower unemployment rates by 1985. Despite the current narrowing of unemployment differentials between the United States and Georgia, it now appears that Georgia soon should register unemployment rates significantly below 7%. Georgia's unemployment rate could average about 6.5% in 1984 and decline to an average of less than 6% in 1985. Indeed, the insured unemployment rate in Georgia already is at a low 1.9%. A study done several years ago suggests that labor markets are effectively fully employed for experienced workers in the Georgia economy when this unemployment rate falls below 1.5%. Such a condition should be reached for the experienced work force in Georgia before the end of 1984.

Differential inflation rates between Atlanta and the remainder of the United States narrowed significantly during the summer months. By August, the CPI in Atlanta was 2.8% above previous year levels, only marginally higher than the 2.6% gain registered nationwide. Unfortunately, the important consumer components of food, clothing, and housing all showed greater increases in the Atlanta area than nationwide. During the last year, apparel prices are up 10.3% in Atlanta vs. 2.9% nationwide. Grocery store prices increased 2.2% in Atlanta vs. 0.6% in the nation. More recent price competition by major supermarket chains may lower this discrepancy in the next few months. In the last year, rental rates increased almost three percentage points more rapidly in Atlanta, although they declined by 0.6% in the latest two-month period. The previous significant acceleration in rental rates may be a factor in stimulating multi-family construction at the present time. If the summer easing of rental rates continues, however, multi-family construction certainly will become unprofitable. Housing costs also have weakened slightly relative to the nation in the summer months. The Homeowners' Index is up 2.1% from the first of the year in Atlanta as compared with a 3.0% increase in the nation. Also, prices of transportation, medical care, and entertainment all are growing at a significantly slower rate in Atlanta than in the nation. The announcement by the Atlanta Braves that they will maintain their ticket prices for the next season assures that one important component of entertainment will remain subdued for at least another year. While inflation definitely is higher in Atlanta than nationwide at the present time, the composition of those price changes strongly suggests that relative moderation will soon be apparent in Atlanta's prices. In 1983, consumer prices nationwide are projected to increase 3.3%. They are expected to rise 4% in Atlanta. In 1984, however, a 5.2% increase in consumer prices nationwide might be slightly higher than a projected 5.0% in

Atlanta. Price increases should be slightly under 6% both in the nation and Atlanta in 1985.

Mortgage lending institutions in Georgia apparently have reversed their aggressive activity of earlier in the year. Mortgage commitments in the third quarter declined by 4.5% in Georgia, a substantial difference from increases of 22.0% for the Southeast and 8.3% for the entire nation. This difference probably was necessitated by the difference in net worth. In Georgia, regulatory net worth declined 1.1% in the third quarter, although net worth increased in September. In the Southeast net worth rose 2.9%, while increases were 4.0% for all mortgage lending institutions in the nation. Of course, the growth of savings capital also has diminished in Georgia institutions, showing an increase of only 1.2% in the summer. This compared with gains of 2.2% for the Southeast and 2.3% for the nation. Apparently, the reduction in growth of savings capital reflects stronger consumer support for the local economy than developed nationwide during the summer months. However, Georgia's mortgage lending institutions cannot continue to add mortgages to their portfolios if net worth continues to fall.

After falling through the second quarter, effective mortgage interest rates on loans closed in Atlanta increased during the summer to 13.17% by September. Nevertheless, rates had fallen by 1.86 percentage points from the previous year. Effective mortgage rates were lower nationwide, although they also rose to 12.82% by September (news announcements that a September increase in housing sales was caused by a decline in effective mortgage rates simply are misstatements of what actually happened). In the nation, mortgage rates fell by a much larger 2.39 percentage points in the latest year. Possibly, unusually strong housing demand in Atlanta is responsible for reduced interest rate relief. Housing prices nationwide increased $5100 from previous year levels while they declined by $16,000 in Atlanta. However, this discrepancy indicates that more affordable homes were being included in the Atlanta mix this year than were available last year. While conventional rates are not expected to increase significantly during the next year, they also will not fall significantly below 12.5% in 1984. As mentioned in our previous forecast, the low mortgage rate level for this housing cycle already has passed.

As mentioned earlier, Georgia's revenues continue to be a problem. Although the governor's budget assumes that revenues will rise 10.6% above the forecasted amount of the previous fiscal year, actual revenue gains during the summer quarter were only 7.3%. Of course, delayed tax refunds caused personal income tax collections to grow much more slowly than would be consistent with a rebounding economy during the third quarter. Now that those refunds have finally been distributed, a sharp increase in individual income tax collections should lead to modest double-digit increases in tax revenues for the remainder of this year. Nevertheless, our projections strongly suggest that total revenues will not grow by more than 9.5% for the fiscal year. Moreover, the forecasted values for the previous fiscal year proved to be too high. Therefore, the budget requires more than a 12% gain in revenues to become balanced. Such a revenue gain obviously is highly unlikely, as no quarter has yet showed double-digit gains in revenues. Prior to the distorted 7.3% revenue gains in the summer months, quarterly revenue increases from previous year levels were 9.3%, 8.9%, 7.8%, and 4.1% respectively. A rebound in corporate income taxes has materialized and the rebound in personal income tax receipts almost certainly will materialize now that all the refunds have occurred. Our

revenue estimates for FY 1985, therefore, are much more vigorous. Revenue gains of 11.5% for that fiscal year are possible. However, the General Assembly may no longer believe the large revenue estimates emanating from the governor's office, having been burned in two consecutive years.

Sales tax receipts in Georgia continue to show strong gains, growing 11.5% during the summer. This compares with increases of 11.8%, 7.1%, 7.2%, and 4.6% in previous quarters. However, the claim that this reflects stronger economic recovery in Georgia than nationwide is not justified; for sales tax receipts of all state and local governments increased 12.0% during the summer. This was a continuing improvement from the gains of 10.5%, 8.3%, 7.0%, and 5.1% in previous quarters. The refunding problems alluded to earlier led to a sharp slowing of income tax collections in Georgia. During the summer, collections increased only 1.3% from previous year levels. This compared with gains of 14.1%, 18.4%, 12.1%, and 8.9% in previous quarters. Obviously, Georgia income did not slow that dramatically, or sales tax receipts certainly could not have sustained their double-digit gains. The budget was balanced by this refunding operation, but there is some question as to whether this is fiscal responsibility. All state and local governments showed income tax collections accelerating to a 15.8% gain, up from gains of 14.6%, 10.4%, 7.4%, and 8.4% in previous quarters. As expected, corporate tax accruals finally rebounded in Georgia after declining modestly earlier in the year. However, accruals were not as strong as nationwide, suggesting that the Georgia economy also was not as vigorous. Thus, personal income estimates may be overstated. Accruals increased 23.6% in the summer, following declines of 1.4% in the spring and 0.9% in the winter. Accruals also declined 19.4% and 14.1% in the two previous quarters. For all state and local governments, corporate tax accruals showed a sharp 43.1% rebound, following an increase of 23.7% in the spring and 1.6% in the winter. In previous quarters, corporate accruals declined 16.2% and 16.1% respectively. Certainly, even after adjustment for distortions, tax collections did not confirm the argument that the Georgia economy is rebounding more significantly than nationwide. Moreover, tax collections will be leading to a second consecutive budgetary problem that must require considerable restraint in initiating state programs.

Summary of Outlook

Following a relative slowing in economic activity during the spring, Georgia's economy again showed renewed strength during the summer. A significant portion of this gain was in goods-producing sectors, where construction and manufacturing payrolls together added 10,000 jobs on a seasonally adjusted basis. The gains would have been even more impressive if strike activity had not reduced average employment in the third quarter by nearly 3500. The service economy also performed acceptably, except for the government sector. Indeed, the current rate of expansion appears to be much more balanced than the housing and consumer-related initial gains that occurred late in the fall and during the winter months. Real gross state product should grow about 3.5% in 1983. In 1984, the gross state product could increase by more than 6%. Gains approaching 5% are expected in inflation-adjusted gross state product in 1985.

As expected in our previous forecast, housing-related activity should slow perceptively early in 1984. However, increases from rising nonresidential construction contracts should pick up enough of the slack that develops in housing to insure further gains in construction. The one major concern is continued weakness in public construction, but the magnitude of such declines is

not expected to be as large in the next two years as in the last year. During the period that housing activity will slow, the building-related industries will turn sluggish. However, strong gains in mobile homes, automobiles, and aircraft will insure dramatic increases in durable goods payrolls during the next two years. These gains will be supplemented by recovery in primary metals and significant growth rates in the machinery industry. The optics and instrumentation included in other durables also are expected to show continued strong payroll gains.

Growth in nondurable payrolls will remain relatively sluggish. Further declines in meat processing are responsible for continued dips in the food industry. This shakeout in meat packing should be completed, with the virtual removal of meat processing plants from Georgia, by the spring of 1984. At that time, the food component will begin to grow again, reflecting increased need for bakery and poultry processing. Textiles appear to be unusually strong as a result of the dramatic rebound in the carpet industry. However, the remaining areas of textiles are showing little gain. They probably will be declining again by 1985. However, strong auto sales and continued strength in housing should be sufficient to insure continued growth in carpet payrolls for the next two years. Exposure to import competition continues to create problems in the apparel industry. Little growth is anticipated in the next two years. The paper industry, which normally lags economic activity, is continuing to show its slow rebound. More vigorous gains in paper production are expected in 1984 and 1985. Printing normally would follow the same pattern as the paper industry. However, the introduction of new checking instruments in 1983 supported the Georgia printing industry. The absence of such instruments in the next two years will create a slowing in an industry that otherwise would be rebounding because of cyclical requirements. The acceleration in chemical payrolls in 1985 reflects the staffing of the G. D. Searle plant in Augusta at that time.

Our estimates show less rebound in transportation services than normally would be anticipated as a result of strength in the goods-producing industries. The financial conditions of the airlines and the increased competitiveness of regional carriers that are by-passing Hartsfield Airport are responsible for this reduced assessment of employment gains. Retailing should remain strong during the recovery, as it was sustained during the recession. Financial services in Georgia are rebounding as the banking industry in Georgia continues to benefit from good operating performances. Even the government sector will gradually rebound as revenues in the next fiscal year finally should be sufficient to meet budgetary needs and provide for some expanded educational programs. However, dramatic growth in that sector is not anticipated.

Table 2 shows that gains in personal income in Georgia should be sufficient to maintain consumer support for retail activity that has developed in 1983. Of course, the absence of significant tax initiatives and the modest acceleration of inflation will lead to modest reductions in the growth of real disposable income in the next two years. In 1983, real disposable income increased by almost 5%. Increases in 1984 and 1985 will be slightly less than 3.5%. Once allowance is provided for increased savings, disposable income will sustain retail payroll gains slightly in excess of 3% per year.

The modest dip projected for conventional mortgage rates in the next six months should be sufficient to prevent any dramatic falloff in housing activity in Georgia. However, the interest-sensitive components of the economy, other

than the machinery industry, will be impacted by unusually high interest rates. Fortunately, the momentum of economic expansion will be more than sufficient to offset any adverse effects from a correction in construction. Indeed, the Georgia economy is expected to grow more rapidly than the nation in 1984 and 1985.

Reduced Housing Growth Will Hardly Alter Atlanta Expansion in Next Two Years

Atlanta increased employment even as one auto assembly plant was completely closed and the other two went into reduced shifts. Now that the auto industry is scheduled to fully recover in Atlanta by the fall of 1984, even a necessary slowing in housing activity, especially rental and condominium units, should not be sufficient to slow the rate of expansion.

Of course, Atlanta never suffered a recession from which a significant rebound was necessary. Employment growth was slower in the metropolitan area in recent quarters than in the state or nation as a whole. However, the Atlanta economy definitely showed substantial strength during the summer months, after adjustment is made for the Communications Workers' strike. Excluding the strike, payroll employment would have increased 3.8% at annual rates during the summer months. Construction continued to show strong gains, as the housing boom persisted and private nonresidential activity began to rebound. Strength in durable manufacturing has reappeared in fabricated metals, nonelectrical machinery, and transportation equipment. All three areas should remain strong. Indeed, the completion of recovery in the automobile industry and the hiring of 4500 workers for the C-5B program should dramatically add to payrolls of durable manufactures in the next two years.

Meat processing has become a liability in Atlanta as well as in the remainder of the state. This is restraining employment in the food industries in 1983. As this adjustment will be completed by early 1984, the food industries then can rebound. On the other hand, the carpet industry is not in Atlanta. As a result, the modest rebound currently experienced in textiles will not be sustained as this industry continues to gradually withdraw from metropolitan Atlanta. Significant gains are expected in the paper industry during the next two years, as containers and packaging once again rebound from recessionary levels.

Problems with transportation services in Georgia are related to airlines. As these industries are concentrated in Atlanta, growth in the transportation service component is expected to remain modest. The trade sector, however, should continue to be robust. Indeed, sales tax receipts indicate that retailing in the Atlanta area was especially strong during the first half of 1983. As Atlanta's wholesale industry currently is contracting during this period of intensifying retail activity, it should be in a position to rebound in the next two years. Thus, stronger gains are expected in the Atlanta trade sector than in the state.

Gains also are continuing in the finance and service sectors while they remain absent from the government sector. This is a continuation of similar patterns registered in the state. Indeed, the growth of employment in Atlanta appears to be understated in the service and construction categories. The benchmark revisions for 1983 may show significant upward revisions in both areas.

Table 6 shows the strength of housing activity in Atlanta during 1983. The most significant gains have occurred in the multi-family areas, which include condominiums. While builders suggest that sales activity for single-family units is sufficiently robust to justify the 67% increase in permits during 1983, our demographic analysis would suggest that single-family vacancies should increase by more than 2000 in the year. However, a significant reduction in single-family activity in 1984 should be sufficient to reestablish appropriate balance between single-family need and single-family availability. Of greater concern is the significant surge in multi-family activity, especially during the summer. If the decline in rental rates during the summer, as reflected in the CPI, continues, overbuilding could be significant. Indeed, rental units may be exceeding needs in excess of 4000 in 1983. If so, the decline in permits anticipated for 1984 could even be more extensive than currently projected. Obviously, such an overhang of multi-family units will restrain single-family activity as rental rates adjust downward.

Despite developing excesses in rental properties, Atlanta is not dramatically overbuilt. According to the latest Coldwell Banker surveys, office vacancy in the downtown area has continued to recede sharply. By September the vacancy rates had fallen to 16.3%, above the 11.7% nationwide, but significantly below the 18.4% of the previous three months. Indeed, absorption throughout the metropolitan area may exceed increased availability of office space by more than 2 million square feet in 1983. This will substantially reduce the magnitude of excess inventory in the system. Of course, many developers already are noting rising absorption rates relative to completed space and are announcing new projects. It is possible that activity will be excessive in 1984, and that office overbuilding may cause absorption rates once again to fall short of completion rates in 1985. In the meantime, the growth in lease space is outrunning the growth in employment that such space should sustain. Either the employment figures will be revised upward sharply, or hirings will intensify once these spaces receive the correct configurations for effective working environments.

Atlanta also performed well in Coldwell Banker's industrial vacancy index. An apparent annual supply of 9.5 million square feet continues to be absorbed with no significant change in the low 2.6% vacancy rate in Atlanta. This compares favorably with the 5.1% rate nationwide, an increase from 4.9% three months ago.

Mortgage lending institutions in Atlanta showed even poorer performances than in the state. Savings capital expanded a lackluster 0.5% while net worth declined by 2.3%, although net worth did increase in September. As a result of these poor performances, mortgage commitments declined by a sharp 18.5% during the summer.

Sharp increases in retail activity estimated by the GSU retail surveys (up 19.6% over previous year levels in the latest week) are confirmed by gains in taxable sales in the metropolitan area. During the second quarter, taxable sales were up 15.3% in metro Atlanta, a sharp increase relative to the 12.4% gain shown for the entire state. The sales rebound in metropolitan Atlanta has been especially sharp in Cherokee (18.5% vs. 7.9% first quarter), Clayton (17.4% vs. 8.1% first quarter), Cobb (21.7% vs. 13.0% first quarter), Fayette (31.4% vs. 21.0% first quarter), and Gwinnett (29.2% vs. 19.6% first quarter). Fulton County showed an acceleration in taxable sales, but the acceleration from 5.8% in the first quarter to 9.4% in the second quarter fell far short of increases

registered for the metropolitan area. It is too early to determine whether the local option sales tax has had any distorting effects upon sales in Fulton County. However, the decline to only 40.7% of metropolitan sales during the second quarter is a modest acceleration in the declining share of sales that has been developing. By contrast, Fulton County accounted for 42.2% of sales in the first quarter, unchanged from its concentration of sales in the second quarter of the previous year. If the local option sales tax has caused sales to flee Fulton County, they have not gone to DeKalb County, where taxable sales actually slowed from a 12% yearly gain in the first quarter to an increase of only 11.9% in the second quarter.

Prior to anticipated upward revisions in employment estimates, employment is projected to grow 3.4% in Atlanta during 1984 before accelerating slightly to a 3.8% gain in 1985. These are moderately below the 4.3% estimates created by the Citibank regional projections. After data revisions, however, the Citibank estimates may prove to be accurate.

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Table 1

Georgia Wage & Salary Employment for 1982 with Forecasts for 1983 Through 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Mining	7.4	7.3	7.5	7.5	-3.9	-1.4	2.7	0.0
2. Construction	103.3	103.0	106.3	107.9	-0.9	-0.3	3.2	1.5
3. Manufacturing	500.9	503.9	515.8	529.0	-3.7	0.6	2.4	2.6
Durables	176.5	177.7	185.3	194.4	-5.2	0.7	4.3	4.9
Lumber	27.5	28.8	28.7	29.2	-4.2	4.7	-0.3	1.7
Furniture	9.4	9.3	9.4	9.6	1.1	-1.6	1.6	2.1
Stone, Clay, Glass	16.0	16.1	16.2	16.5	-7.5	0.6	0.6	1.9
Primary Metals	16.1	15.1	15.7	16.3	-8.5	-6.1	4.0	3.8
Fabricated Metals	17.5	17.1	17.7	18.5	-12.5	-2.6	3.5	4.5
Nonelectrical Machinery	20.7	20.0	21.1	22.0	-10.0	-3.4	5.5	4.3
Electrical Machinery	23.1	22.4	23.3	24.5	0.9	-3.0	4.0	5.2
Transportation Equipment	34.9	37.0	40.6	44.5	-3.1	6.0	9.7	9.6
Other Durables	11.5	11.9	12.6	13.3	2.7	3.7	5.9	5.6
Nondurables	324.2	326.2	330.5	334.6	-4.2	0.6	1.3	1.2
Food	58.5	58.0	58.3	58.8	-1.7	-0.9	0.5	0.9
Textiles	104.2	106.0	107.8	108.2	-8.3	1.7	1.7	0.4
Apparel	69.5	69.6	69.8	69.7	-3.5	0.1	0.3	-0.1
Paper	27.5	27.2	27.5	28.2	-3.5	-1.1	1.1	2.5
Printing	25.4	26.6	27.3	28.0	4.1	4.7	2.6	2.6
Chemicals	17.1	17.0	17.3	18.3	-2.3	-0.6	1.8	5.8
Leather	2.2	1.9	1.8	1.8	-12.0	-14.8	-4.0	0.0
Other Nondurables	19.8	19.9	20.7	21.6	-3.9	0.3	4.0	4.3
4. Transportation, Comm. & Utilities	145.9	145.4	148.0	150.5	0.7	-0.4	1.8	1.7
5. Trade	520.3	534.0	548.9	565.2	1.6	2.6	2.8	3.0
Wholesale	164.0	168.4	172.0	176.6	1.2	2.7	2.1	2.7
Retail	356.3	365.6	376.9	388.6	1.8	2.6	3.1	3.1
6. Finance, Ins. & Real Estate	116.4	119.8	124.1	128.9	1.5	2.9	3.6	3.9
7. Services	372.3	389.6	406.9	424.5	3.6	4.6	4.4	4.3
8. Government	434.9	439.3	445.8	455.4	0.9	1.0	1.5	2.2
Federal	84.8	85.3	86.2	86.9	0.0	0.6	1.1	0.8
State & Local	350.1	354.0	359.6	368.5	1.1	1.1	1.6	2.5
Total Wage & Salary Employment	2201.5	2242.3	2303.3	2368.9	0.1	1.9	2.7	2.8

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Table 2 Georgia Personal Income for 1982 with Forecasts for 1983 Through 1985
(Millions of Dollars)

	1982	1983	1984	1985	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:								
1. Wage & Salary Income	35116	38359	41808	45761	7.4	9.2	9.0	9.5
2. Other Labor Income	3408	3915	4483	5092	12.4	14.9	14.5	13.6
3. Proprietors' Income	2651	3277	3743	4012	-1.9	23.6	14.2	7.2
Farm	556	611	741	689	-0.4	9.9	21.3	-7.0
Nonfarm	2095	2666	3002	3323	-2.3	27.3	12.6	10.7
Labor & Proprietors' Income:								
1. Farm	777	853	993	962	4.3	9.8	16.4	-3.1
2. Mining	162	166	182	195	3.2	2.5	9.8	7.2
3. Contract Construction	2156	2456	2765	3023	8.2	13.9	12.6	9.3
4. Manufacturing	9207	10181	11178	12325	2.2	10.6	9.8	10.3
Durables	3833	4255	4736	5323	2.7	11.0	11.3	12.4
Nondurables	5374	5926	6442	7002	1.8	10.3	8.7	8.7
5. Transportation & Utilities	4234	4572	4997	5477	9.2	8.0	9.3	9.6
6. Trade	7845	8741	9579	10558	6.9	11.4	9.6	10.2
Wholesale	3830	4215	4641	5151	8.0	10.1	10.1	11.0
Retail	4015	4526	4938	5407	5.9	12.7	9.1	9.5
7. Finance, Ins. & Real Estate	2348	2715	3011	3351	11.4	15.6	10.9	11.3
8. Services	6384	7153	7933	8805	9.3	12.0	10.9	11.0
9. Other Industries	143	162	177	193	2.9	13.3	9.4	8.8
10. Government	7920	8552	9219	9976	9.0	8.0	7.8	8.2
Federal Civilian	1969	2106	2251	2404	6.8	6.9	6.9	6.8
Federal Military	1240	1318	1425	1546	22.9	6.3	8.1	8.5
State & Local	4711	5128	5543	6026	6.8	8.9	8.1	8.7
Plus:								
Property Income	8054	8125	8873	9724	9.9	0.9	9.2	9.6
State U.I. Benefits	324	316	255	241	70.5	-2.5	-19.6	-4.3
Other Transfers	7115	7695	8303	9009	8.0	8.2	7.9	8.5
Residence Adjustment	-126	-153	-172	-178	-	-	-	-
Less: Social Ins. Contributions	2507	2769	3185	3555	9.4	10.5	15.0	11.6
Equals: Total Personal Income	54035	58765	64108	70106	7.7	8.7	9.1	9.4
Nonfarm Personal Income	53258	57912	63115	69144	7.8	8.7	9.0	9.6
% of U.S. Nonfarm	2.10	2.13	2.13	2.14	-	-	-	-

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Table 3 Atlanta SMSA Wage and Salary Employment for 1982 with Forecasts for 1983 Through 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Contract Construction	45.0	45.4	45.6	46.3	-0.7	0.9	0.4	1.5
2. Manufacturing	142.2	141.0	148.4	158.3	-3.8	-0.8	5.2	6.7
Durables	72.1	71.2	77.6	85.8	-3.7	-1.2	9.0	10.6
Lumber	2.6	2.6	2.6	2.9	-10.3	1.0	-0.3	7.7
Furniture	3.5	3.3	3.4	3.6	-7.9	-5.7	3.0	5.9
Stone, Clay, Glass	6.6	7.1	7.3	7.5	-9.6	7.6	2.8	2.7
Primary Metals	5.2	4.7	5.1	5.4	0.0	-9.6	8.5	5.9
Fabricated Metals	7.1	6.5	6.9	7.3	-9.0	-8.5	6.2	5.8
Nonelectrical Machinery	7.6	7.6	8.3	8.9	-8.4	0.0	9.2	7.2
Electrical Machinery	11.9	11.4	12.0	12.8	4.4	-4.2	5.3	6.7
Transportation Equipment	22.9	23.0	26.6	31.8	-5.8	0.4	15.7	19.5
Other Durables	4.7	5.0	5.4	5.7	17.5	6.4	8.0	5.6
Nondurables	70.1	69.8	70.8	72.5	-3.8	-0.4	1.4	2.4
Food	18.6	18.6	18.7	19.2	-3.1	0.1	0.4	2.7
Textiles	4.8	4.3	4.3	4.1	-22.6	-10.4	0.0	-4.7
Apparel	8.5	8.5	8.6	8.8	-8.6	0.0	1.2	2.3
Paper	7.6	7.6	7.9	8.3	-7.3	0.0	3.9	5.1
Printing	16.6	16.9	17.2	17.6	3.8	2.0	1.8	2.3
Chemicals	7.6	7.5	7.6	7.8	-1.3	-1.0	1.3	2.6
Other Nondurables	6.4	6.4	6.5	6.7	1.6	-0.4	1.6	3.1
3. Transportation, Comm. & Utilities	91.9	91.9	93.2	95.2	2.3	0.0	1.4	2.1
4. Trade	280.5	290.6	302.5	314.2	2.5	3.6	4.1	3.9
Wholesale	106.8	106.0	108.8	111.7	1.8	-0.7	2.6	2.7
Retail	173.7	184.6	193.7	202.5	3.0	6.3	4.9	4.5
5. Finance, Ins. and Real Estate	70.0	71.6	73.5	75.6	1.9	2.2	2.7	2.9
6. Services	215.7	223.9	231.5	240.3	3.6	3.8	3.4	3.8
7. Government	162.0	165.7	170.5	176.2	-0.5	2.3	2.9	3.3
Federal	33.1	32.7	32.8	33.0	-3.5	-1.3	0.3	0.6
State & Local	128.9	133.0	137.7	143.2	0.3	3.2	3.5	4.0
Total Wage & Salary Employment	1007.4	1030.1	1065.2	1106.1	1.1	2.3	3.4	3.8

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Table 4 Atlanta SMSA Personal Income for 1981 with Estimates for 1982 and Forecasts for 1983 Through 1985
(Millions of Dollars)

	1981	1982	1983	1984	1985	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:									
1. Wage & Salary Income	16669	17982	19664	21553	23835	7.9	9.4	9.6	10.6
2. Other Labor Income	1515	1700	1946	2229	2534	12.2	14.5	14.5	13.7
3. Proprietors' Income	1085	1075	1337	1526	1704	-0.9	24.4	14.1	11.7
Farm	36	32	33	36	34	-11.2	3.1	9.1	-5.6
Nonfarm	1049	1043	1304	1490	1670	-0.6	25.1	14.2	12.1
Labor & Proprietors' Income:									
1. Farm	46	43	45	49	48	-6.5	4.7	8.9	-2.0
2. Mining	20	20	21	22	24	0.0	5.0	4.8	9.1
3. Contract Construction	991	1074	1236	1358	1484	8.4	15.1	9.8	9.3
4. Manufacturing	3147	3252	3551	4013	4606	3.3	9.2	13.0	14.8
Durables	1820	1896	2069	2400	2834	4.2	9.1	16.0	18.1
Nondurables	1327	1356	1482	1613	1772	2.2	9.3	8.8	9.9
5. Transportation & Utilities	2604	2885	3128	3406	3747	10.8	8.4	8.9	10.0
6. Trade	4679	5052	5595	6196	6875	8.0	10.7	10.7	11.0
Wholesale	2705	2938	3134	3467	3848	8.6	6.7	10.6	11.0
Retail	1974	2114	2461	2729	3027	7.1	16.4	10.9	10.9
7. Finance, Ins. & Real Estate	1404	1570	1804	1984	2188	11.8	14.9	10.0	10.3
8. Services	3583	3916	4355	4786	5288	9.3	11.2	9.9	10.5
9. Other Industries	35	36	40	44	48	4.3	10.7	8.6	8.5
10. Government	2761	2909	3172	3450	3765	5.4	9.0	8.8	9.1
Federal Civilian	810	837	879	932	994	3.3	5.0	6.1	6.6
Federal Military	99	109	114	121	130	10.5	4.5	6.2	7.1
State & Local	1852	1963	2179	2397	2641	6.0	11.0	10.0	10.2
Plus:									
Property Income	3227	3572	3662	4017	4435	10.7	2.5	9.7	10.4
Transfer Payments	2236	2466	2671	2871	3113	10.3	8.3	7.5	8.4
Residence Adjustment	-622	-643	-682	-694	-702	-	-	-	-
Less: Social Ins. Contributions	1182	1299	1436	1661	1874	9.9	10.6	15.7	12.8
Equals: Total Personal Income	22928	24853	27162	29841	33045	8.4	9.3	9.9	10.7
Nonfarm Personal Income	22882	24810	27117	29792	32997	8.4	9.3	9.9	10.8
% of Georgia Nonfarm	46.32	46.58	46.82	47.20	47.72	-	-	-	-
Population (#,Thousands)	2090	2137	2191	2245	2299	2.26	2.53	2.46	2.41

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	82-3	82-4	83-1	83-2(r)	83-3(p)	Sept(p)	82-3	82-4	83-1	83-2(r)	83-3(p)	Sept(p)
Total	2208.2	2205.9	2221.1	2232.0	2250.3	2258.4	1011.7	1012.3	1025.8	1023.7	1029.4	1033.8
Mining	7.4	7.3	7.3	7.2	7.4	7.5	-	-	-	-	-	-
Contract Construction	103.4	102.7	100.1	100.6	105.0	105.4	45.4	46.2	46.7	43.5	46.2	45.3
Manufacturing	498.2	494.4	498.0	500.1	505.5	508.4	141.9	139.3	140.6	139.8	139.6	142.1
Durables	176.6	172.2	175.0	175.9	178.0	180.4	72.9	69.2	70.7	70.0	70.0	72.6
Lumber	27.6	28.1	28.5	28.5	29.0	29.0	2.6	2.6	2.7	2.7	2.6	2.5
Furniture	9.5	9.2	9.1	9.2	9.3	9.4	3.5	3.5	3.5	3.3	3.3	3.3
Stone, Clay, Glass	15.9	15.8	16.1	16.0	16.0	16.1	6.6	6.5	6.9	7.0	7.1	7.2
Primary Metals	16.0	15.5	15.4	15.2	14.5*	15.4	5.2	5.0	4.7	4.5	3.8*	4.8
Fabricated Metals	17.1	17.0	16.7	17.1	17.2	17.2	6.9	6.8	6.7	6.4	6.4	6.6
Nonelectrical Machinery	20.4	19.5	19.2	19.8	20.2	20.5	7.7	7.5	7.2	7.6	7.7	7.9
Electrical Machinery	23.1	21.9	21.7	22.1	22.7	22.7	11.9	11.5	11.1	11.3	11.5	11.4
Transportation Equipment	35.6	33.7	36.5	36.2	37.1	38.0	23.5	21.6	23.1	22.3	22.6	23.8
Other Durables	11.3	11.5	11.8	11.8	12.0	12.1	5.0	4.3	4.8	4.9	5.0	5.1
Nondurables	322.6	321.9	323.0	324.2	327.5	328.0	69.4	69.6	69.9	69.8	69.6	69.5
Food	58.3	58.0	57.8	58.0	57.9	58.0	18.4	18.7	19.0	18.8	18.5	18.2
Textiles	103.4	103.2	103.5	104.9	107.7	107.4	4.7	4.5	4.1	4.3	4.3	4.3
Apparel	69.1	68.7	69.8	69.3	69.3	69.6	8.4	8.2	8.4	8.4	8.5	8.5
Paper	27.4	27.2	27.3	27.0	27.1	27.2	7.5	7.6	7.5	7.6	7.6	7.6
Printing	25.6	25.9	26.4	26.6	26.5	26.7	16.7	16.7	17.0	16.9	16.8	17.0
Chemicals	16.9	16.8	16.9	16.9	17.1	17.1	7.5	7.5	7.6	7.5	7.5	7.5
Leather	2.3	2.0	2.0	1.9	1.8	1.8	-	-	-	-	-	-
Other Nondurables	19.7	20.0	19.3	19.6	20.1	20.2	6.2	6.6	6.3	6.3	6.4	6.4
Transportation, Comm. & Util.	146.0	145.2	145.6	145.9	143.3*	146.5	92.3	91.8	92.1	92.8	90.3*	92.2
Trade	522.2	523.0	528.2	532.2	537.5	537.0	282.1	283.9	290.0	287.6	291.0	291.3
Wholesale	164.5	165.4	166.8	168.6	169.0	168.7	107.5	108.0	107.5	105.4	105.6	105.4
Retail	357.8	357.7	361.4	363.6	368.5	368.3	174.8	175.1	182.5	182.2	185.4	185.9
Finance, Ins. & Real Estate	116.2	117.5	118.9	119.5	119.9	120.6	70.0	70.3	71.3	71.4	71.6	71.9
Services	373.8	378.7	384.3	387.4	392.6	393.2	217.0	219.2	220.9	222.9	224.7	225.2
Government	441.1	437.0	438.7	439.1	439.1	439.8	163.1	162.7	164.2	165.7	166.0	165.8
Federal	84.8	85.3	85.6	84.6	85.1	85.9	33.1	32.7	32.8	32.6	32.7	32.6
State & Local	356.7	351.2	353.1	354.5	354.0	353.9	129.9	130.0	131.4	133.1	133.3	133.2

* Reflects strike of Communications Workers

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Table 6 Metro Atlanta Housing Permits for 1982 with Forecasts for 1983 Through 1985

	1982		1983		1984		1985	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1200	20	1100	25	1250	50
Clayton	642	28	1250	15	1000	40	1050	100
Cobb	3337	824	6050	4200	4800	2500	4900	2150
DeKalb	2023	1107	3100	4150	2650	2160	2720	2000
Douglas	307	4	670	10	600	10	730	25
Forsyth	277	30	450	25	410	35	510	50
Fulton	2175	2601	3950	3000	3210	1750	3060	1700
Gwinnett	3686	1523	6030	3100	5090	2500	5460	2850
Henry	334	10	575	10	510	20	620	40
Rockdale	261	138	430	130	410	150	450	200
Total	13936	6265	23705	14660	19780	9190	20750	9165
% Change From Previous Year	+37.7	+10.9	+67.2	+92.8	-16.6	-37.3	+4.9	-0.3
% Change in Total (single + multi)	+28.0		+78.0		-24.5		+3.3	

Note: Douglas is included in 1982 and beyond. The 1981-82 % change figures do not include Douglas in 1982. Cobb totals include Marietta in 1983 and beyond. The 1982-83 % change figures for Cobb exclude Marietta in 1983. Condominiums are included in the multi-family totals.

Source: Homebuilders Association of Metro Atlanta

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Georgia State University Forecast

Georgia and Atlanta 1983-1985

Five-year Georgia Forecast

Presented at the
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of the
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Economic Forecasting Project
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GEORGIA ECONOMY CONTINUES TO GROW SHARPLY

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Data Revisions

As anticipated, benchmark revisions for employment in Georgia and Atlanta in 1982 and 1983 revealed much more substantial job growth than originally estimated. Total Georgia employment was not revised in 1982, but employment was revised upward by 29,900 in 1983. Original projections normally are based upon a sub-sample of all employers. As this sample is fixed for the year, corporations in the sample that may terminate operations automatically lower the estimates while new corporations have no impact upon raising estimates until a new sample is drawn in the subsequent year. Of course, adjustments are made to try to capture this birth and mortality of organizations. However, unusual changes in the additions or deletions of organizations in each sector cannot readily be captured.

Construction and retail normally have the most fluid organizations. Therefore, most of the adjustments traditionally are in those sectors. Employment in construction was revised upward by 7300. The upward revision in retail sales was 12,000. However, upward revisions were also surprisingly significant in durable manufacturing, suggesting greater growth in that sector than originally expected. The largest revisions were in lumber (1600), the stone group (1000), fabricated metals (2100), and electrical machinery (2500). Services experienced an upward revision of 4900 while the finance group originally was underreported by 1300. In nondurables, modest upward revisions occurred in chemicals and paper.

Some sectors did suffer downward revisions. Transportation equipment originally was overstated by 1800. Textiles are 2900 fewer than originally reported. State and local government employment is 3200 below earlier estimates. Even wholesale trade was marginally lower than earlier estimates. However, most of the data revisions showed significant gains. As a result, employment in 1983 was revised upward from an initial estimated gain of 1.9% to a revised increase of 3.2%.

The employment data revisions are not yet incorporated in personal income estimates conducted by the Department of Commerce or the coincident indicators generated by Georgia State University. Because of the magnitude of these revisions, both reports should show more significant increases for Georgia than in their latest releases. Georgia's population estimates, on the other hand, appear to be consistent with the revised employment data. According to preliminary estimates, population in Georgia increased from 5.639 million in 1982 to 5.732 million in 1983 - an increase of 1.65%.

Recent Activity

Even without the benefit of upward employment revisions, personal income in Georgia outperformed the United States in the third quarter. Personal income expanded at an annual rate of 7.9% in Georgia as compared to 7.0% nationwide. Even a poor performance in the Georgia's farm economy (earnings declined at a

46.6% annual rate as compared to a 31.7% decline nationwide), could not hold down the Georgia economy. Nonfarm personal income soared by 9.0% in the quarter as compared to a 7.6% gain in the nation. However, the poor farm economy in Georgia prevented the state from outperforming the nation over the last four quarters, as personal income nationwide increased 6.6% while it gained only 6.3% in Georgia. Excluding agriculture, however, Georgia showed a 9.0% gain in comparison to a 6.5% expansion for the nation.

According to the Georgia personal income statistics, strong gains occurred in small businesses, as reflected by a 17.1% gain in earnings by nonfarm proprietors. Earnings growth also was much higher than nationwide in mining, construction, the transportation services group, retail trade, and private services. A more rapid reduction in unemployment in Georgia slowed the growth of personal income by reducing transfer repayments for unemployment insurance benefits. Georgia could not compete with the nation in earnings growth in manufacturing, as the nation was reopening previously closed facilities. The state also trailed the nation during the last quarter in earnings on wholesale trade and state and local government, as a result of budgetary problems.

Georgia's coincident indicators showed that the Georgia economy was once again growing more rapidly than nationwide in the fourth quarter. After increasing at an estimated 6.5% in the third quarter, Georgia's GSP appears to have expanded by another 5.6% after adjustment for inflation in the final three months. This compares with a more rapid 7.6% growth nationwide in the summer but a considerably slower 4.5% rate of expansion during the fall. The revised employment statistics almost certainly will increase estimates of gross state product for the year. Thus, the initial estimate that the Georgia economy expanded 6.0% in the first four quarters of recovery as compared to a 6.1% gain nationwide will be altered to show that the Georgia economy definitely outperformed the nation during this first year of recovery. As the Atlanta economy never suffered a significant economic collapse, the ability to outperform the nation in recovery when the need for recovery was less significant is truly a noteworthy achievement. This suggests that the underlying growth path in the state far exceeds fundamental growth nationwide.

Beginning in August, the Georgia economy apparently has followed an expansion path of approximately 5.5% according to the coincident indicators. Indeed, there is no evidence that any slowing has occurred. Moreover, estimates for December are remarkable, as they do not show any slowing in growth despite some adverse weather conditions. The only area showing any significant weakness in December was the growth of bank deposits after adjustment. All other sectors of the economy showed considerable strength, and the decline in bank deposits followed five months of significant gains. Moreover, the farm economy finally shifted toward accumulation in December. Apparently, the Georgia economy is benefitting from the woes of poultry raisers in the mid-Atlantic states. Because of a severe outbreak of Avian flu and the infertility caused by severely cold weather, poultry production has been severely curtailed. However, the degree of flock and egg loss has been less significant in Georgia, permitting local producers to profit from sharply higher prices. Thus, the Georgia farm economy may, in fact, outperform the farm economy in the nation during 1984. It is also likely that the poultry industry in Georgia will have its first good year in this decade.

The leading indicators for Georgia had been flashing the possibility of some slowing with two consecutive declines during the summer. However, the serious revenue shortfall that continued through September has now been

dramatically reversed. This should permit an expansion of governmental activity in the next fiscal year. The consumer in Georgia also continues to support the economy, as sales taxes currently are 14.5% above previous year levels. According to retail trade reports, only the recovery in New England exceeds the growth in consumer activity in the South Atlantic states including Georgia. A sharp increase in the workweek during December strongly suggests that employment will be expanding significantly in the early part of 1984. Indeed, the leading indicators at the present time suggest that the pace of economic activity in Georgia can increase slightly in the late winter and spring months. In short, there is absolutely no evidence of an impending slowdown in the Georgia economy during 1984. In fact, now that the agricultural sector also is beginning to contribute, all important portions of the Georgia economy continue to flash favorable economic signs at this time.

Table 5, which is the seasonally adjusted employment profile of Georgia and Atlanta, does reflect the benchmark revisions. Employment in Georgia grew strongly throughout the year. During the fourth quarter employment in Georgia grew at a seasonally adjusted 5.8% annual rate, outstripping the 5.1% rate of increase nationwide. Employment growth appears to be widespread, with the only pocket of weakness in the payrolls of state and local government. Areas showing no growth include the leather industry, which is a decaying industry in Georgia, and printing. However, the printing industry is notoriously a lagging responder to economic conditions and should be showing significant gains in 1984. All other sectors have rebounded sharply, although the growth in textiles largely reflects only significant expansion in the yarn and carpet industries. General cotton mill employment is showing no growth. The furniture industry also may have accomplished most of its recovery for this cycle. Clearly, employment will not be growing as rapidly during the second year of recovery, as many industries already have completely refilled their under-utilized workspaces and are now making the more difficult decisions concerning expansion. Also, the insured unemployment rate in Georgia has dipped below 2%, a level that normally begins to generate increasing wage pressures. In short, the easy part of the recovery now has been completed, but employment growth remains so powerful in Georgia that an end to economic expansion simply is not in sight.

In December, the unemployment rate in Georgia declined to 6.6%, a 1.2 percentage point improvement over previous year levels. As unemployment in the nation fell from 10.5% to 8.0% over the same period of time, the gap between the unemployment rates of the nation and Georgia have diminished. This should not be surprising, however, as the nation continues to have a significant pool of experienced unemployed workers, while the state certainly has used a significant share of its insured unemployment pool and is now attracting labor skills from outside the state. Athens and Atlanta both have the lowest unemployment rates in the state at 5.6%, although the decline in Athens has been from 6.9% a year ago, while Atlanta had an unemployment rate of 6.5% last December. However, the insured unemployment rate in Atlanta is now approaching 1.2%. Because jobs wax and wane even in healthy economies, an insured unemployment rate below 1% would constitute full employment in the experienced work force. Thus, the Atlanta economy is approaching full employment of experienced workers for all practical purposes. The unemployment rate in Macon is 7.2%, but that economy appears to be stalled as this is only a marginal improvement from 7.4% a year ago. The improvement in paper is beginning to favorably affect Savannah and Augusta. The Savannah unemployment rate is a full percentage point lower than a year ago at 7.6% in December. The improvement in Augusta is even greater as their

unemployment rate currently is at 8%, down from 9.3% last December. Unemployment also is declining sharply in Columbus, as the rate has fallen to 8.0% from 9.7% a year ago. Only Albany showed an increase in unemployment from previous year levels in December, rising from 8.9% a year ago to 9.1% this December. Although the unemployment rate always is lowest in December because of the need for seasonal workers to meet Christmas sales, the 6.6% recorded in Georgia strongly suggests that the unemployment rate will not average more than 6.3% in 1984 and could decline to slightly less than 6% in 1985.

Inflationary pressures that exerted themselves in Atlanta early in 1983 definitely have subsided. By the end of the year, the CPI in Atlanta had grown by the same 3.8% that was registered nationwide. Food prices slowed sharply in the fall, finally increasing 0.4 percentage points less than nationwide in the past year. However, this performance was not the result of grocery store prices, which rose 2.1% in Atlanta as compared with 1.9% nationwide. The villain here was much sharper price increases for fruits and vegetables in Georgia than nationwide. However, menu prices at restaurants increased only 2.4% in Atlanta as compared with 4.1% nationwide. In addition, alcoholic beverages showed a slightly smaller rate of increase in Atlanta. Rental rates continued to rise more rapidly in Atlanta, showing a 6.0% increase during the year and a sharp 2.6% increase in the latest two months. Homeowners' costs also moved up more sharply in Atlanta than nationwide during the fall, although price increases for the year were comparable. This strongly suggests that any over-building of housing property is not apparent in the price indices at the present time. Prices of utilities moved up much more sharply in Atlanta, showing a 10.4% increase as compared to a 4.1% gain for the nation. Offsetting this rising cost of a necessity has been significant price declines for apparel during the fall in Atlanta. Prices of transportation costs increased by 3.3% in Atlanta as compared to 3.9% nationwide, mostly as a result of lower price increases for private transportation. Medical care costs rose 1.8% in Atlanta as compared to 6.4% nationwide. Indeed, when the introduction of the sales tax in parts of Atlanta is considered, the ability to show consumer price increases no higher than nationwide in 1983 is definitely a favorable performance. This suggests that the inflation rate in Atlanta could be slightly lower than nationwide in 1984 before beginning to rebound toward national rates of change in 1985. Thus, the Consumer Price Index in Atlanta probably will not increase by more than 4.5% in the 12 months of 1984 before accelerating to an increase of slightly less than 6% in 1985.

Regulatory net worth at savings and loan associations finally began to increase in Georgia during the fourth quarter, increasing 1.5%. However, the Georgia institutions still are performing more poorly than their regional and national counterparts, which showed gains of 5.5% and 4.7% respectively. Possibly because of earlier problems with changes in net worth, Georgia mortgage lending institutions continued to reduce their commitments in the fourth quarter. Total commitments fell by a staggering 28.6%. This is dramatically different from a 1.4% commitment gain in the southeast and a 6.7% expansion in commitments nationwide. Savings capital started to reappear, showing a gain of 2.0% in Georgia during the fall. This was less than the 3.3% increase in savings capital for the region, but greater than the 1.7% increase nationwide. The Georgia lending institutions still are showing significant financial stress, but a continuation of current stable interest rates should permit a modest improvement in their financial health in the months ahead. Fortunately for the housing market, the decline in commitments generated by the mortgage lending institutions is being offset by expanding financing from other institutions.

Effective mortgage interest rates on loans closed in Atlanta resumed their rate of decline in the fourth quarter, reaching a low of 12.51% in December. This is an improvement of 2.12 percentage points from the previous year. Mortgage rates remain lower nationwide, but the large discrepancy that existed over the summer has narrowed considerably. In the nation, effective mortgage rates currently are at 12.45%, a decrease of 1.48 percentage points from previous year levels. Nationwide, housing prices are $3700 above previous year levels. In Atlanta, the average price of houses sold is down $4400 from previous year levels. Effective mortgage rates may decline slightly further into the spring, although rates below 12% in 1984 are unlikely. Also, mortgage rates almost certainly will be rising in 1985. As a result, home purchases might be more aggressive in 1984 than anticipated by demographic conditions alone, as potential buyers make decisions now prior to an expected acceleration in mortgage rates.

The leading indicators showed a remarkable rebound in Georgia revenue collections during the fall. Part of this gain was the result of the elimination of previous refunding distortions. Normally, Georgia does not distribute significant refunds in the third quarter. This year, however, some refunds were delayed. The result was to transfer a net income into the previous fiscal year at the expense of the third quarter's performance. After increasing only 7.3% in that quarter, revenues exploded with a 12.4% gain during the fall. Some of these strong increases in sales taxes and corporate income taxes from previous year levels should not be sustained. However, collections on individual income remain relatively low. That sector should pick up the slack in the second half of this fiscal year. Moreover, the absence of refunding distortions should cause revenue in the summer of 1984 to grow as much as 15% above previous year levels. If so, revenue gains in the next fiscal year could accelerate over this year's collections. Our estimate of the revenue situation was unduly pessimistic three months ago. It now appears that total revenues will be up 10.9% in this fiscal year, sufficiently above the governor's revised requirements of 10.2% to make all legislators breathe easier. We maintain our assessment that, led by that 15% rate of increase in the summer months, revenue growth in the next fiscal year will expand by almost 11.3%. On a quarterly basis, revenues have now increased 12.4% in the fall, after the 7.3% distorted revenue gains in the summer. This is compared with revenue gains of 9.3%, 8.9%, and 7.8% in previous quarters.

Sales tax receipts in Georgia continue to show vigorous expansion. In the most recent quarters, increases have been 13.4%, 11.5%, 11.8%, 7.1%, and 7.2%. Sales activity once again rebounded more rapidly than nationwide, where receipts grew an acceptable 12.8%, following gains of 11.9%, 10.5%, 8.3%, and 7.0% in previous quarters. However, other tax collections did not perform as favorably in Georgia as in the nation. Income tax collections rebounded to a gain of 13.2%, following the 1.3% distorted gains during the summer. In previous quarters gains were 14.1%, 18.4%, and 12.1% respectively. All state and local governments showed accelerating income tax collections with gains of 17.9% in the fall, following increases of 16.8%, 14.6%, 10.4%, and 7.4% in previous quarters. As the personal income and sales figures both suggest that earnings in Georgia are growing more rapidly than nationwide, these recent differential growth rates that favor the national over the local economy in income tax receipts are surprising. Either compliance is significantly eroding in Georgia, or income tax collection should accelerate sharply relative to the nation in subsequent quarters. Corporate profits also are not rebounding as sharply in Georgia as nationwide. Of course, the differential performance here may merely

be the result of the less extreme recession that developed in Georgia. It must be remembered that corporate taxes never fell as sharply in the state as in the nation. During the fourth quarter, corporate tax accruals rose 25.6% from previous year levels. This compared with an increase of 23.6% in the summer. Previously, accruals declined by 1.4%, 0.9%, 19.4%, and 14.1% from the respective quarters of the previous year. All state and local governments are showing greater gains in corporate tax accruals with an increase of 47.1% in the winter. This compares to a 41.5% rebound in the summer and increases of 23.7% and 1.6% in the previous quarters. Prior to that, however, corporate profits were actually declining by 16.2% and 16.1% respectively. How can sales tax receipts accelerate relative to the nation while corporate and individual income taxes actually slow as compared with other state and local governments? As timing can be more easily adjusted on the income taxes, it appears that the individual and corporate taxes are temporarily being understated relative to the economy's performance.

Summary of Outlook

Economic expansion continues to be vigorous and balanced in Georgia through the fall months. Construction activity currently has rebounded so sharply that further rates of advance are not likely. Indeed, housing activity in 1984 should merely approach the vigorous levels of activity in 1983. Public construction will remain subdued, while nonresidential construction should show some increases on the basis of nearly a 50% increase in adjusted contracts during the last six months. Also, consumer activity as reflected in retail employment cannot continue to expand at the rapid rates that developed in 1983. Even after the personal income is adjusted for upward revisions in employment, it should show only a 9.5% increase from previous year levels. A reduction in tax rates implies that disposable income increased about 10.5%. Sales tax receipts, however, suggest that consumer spending was about 11%. A similar decline in the savings rate in Georgia is unlikely in 1984 and beyond.

After adjustment for employment revisions, real Gross State Product probably grew about 4.5% in Georgia in 1983, a full percentage point stronger than nationwide. The Gross State Product probably will be increasing 6% in 1984 before slowing to a gain of 4.5% in 1985.

The recovery has been lead by construction and retail activity in 1983. The service economy, which showed little weakness during the recession, expanded vigorously in the early phases of recovery. More modest rates of expansion are now expected in the next two years.

Activity in manufacturing was mixed during 1983, although recovery was strong for the lumber industry, fabricated metals, and electricial machinery. Growth should be much more vigorous in 1984, when additional shifts in auto assembly plants and a major military procurement contract for transportation aircraft will significantly increase jobs in transportation equipment. While construction probably has reached a peak, activity at the end of 1983 was so far above 1983 averages that maintenance of current levels guarantees significant employment increases for 1984 over 1983. A sharp increase in goods production should lead to a dramatic increase in the transportation service component as well, although some of the 1984 increase is the result of a rebound from strike impacted 1983 totals.

Although personal income is estimated to grow more rapidly in 1984 than in 1983, the effect upon retail employment and activity will be diminished. First,

tax changes added a percentage point to the growth of disposal income relative to personal income in 1983. In 1984, disposal and personal income will be growing at about the same rate. Second, the inflation rate in 1984 is expected to be a percentage point higher than in the previous year. Thus, real disposal income will slow from a gain of 6.5% in 1983 to an increase of slightly over 5% in 1984. Indeed, this rate of expansion suggests that profitability in retail establishments will not increase in 1984.

Of course, more inflation and no further tax incentives mean that the slight slowing in personal income will have an even more dramatic impact upon purchasing power in that year. Indeed, real disposable income may fall to an increase of only 3%. This could lead to slight over employment in retail establishments at that time. Fortunately, Georgia's government should be in much better fiscal shape in that year. They may be accelerating their growth in employment. This would lead to some moderation in the downward forces that otherwise could be exerted. Moreover, the bulk of the purchasing power generated by increased automobile and aircraft activity will occur in 1985. If the expansion of electricial machinery remains vigorous, as anticipated in this outlook, there should be little difficulty in sustaining economic expansion in Georgia through 1985 and into 1986. Nevertheless, it should be noted that the consumer and construction, the two major forces propelling the Georgia economy upward in 1983, will not be able to help the expansion at that time.

Whatever problems develop two or three years down the road, they are not currently apparent in the Georgia economy. Indeed, activity once again is accelerating, following a modest period of slowing in the late summer and early fall. Georgia should have little difficulty outperforming the nation in 1984 and 1985. However, Georgia remains more interest sensitive than the national economy. Therefore, significant increases in interest rates could dramatically derail the currently favorable outlook. Mortgage rates probably will be trending upward beyond 13% early in 1985 and once again be exceeding 14% in 1986. Thus, there is no reason to anticipate at this time that all the economic conditions are in place to insure a durable economic expansion through the remainder of the decade.

Booming Atlanta Can Justify Rapid Growth Through 1985

Data Revisions

Benchmark adjustments to employment added 2,800 jobs to Atlanta in 1982 and a further 26,100 jobs in 1983. Indeed, the rate of expansion in employment was doubled. As a result of these employment adjustments, all recent reports about the strength of Atlanta's housing market, and its population expansion in the next decade, are no longer valid. In the first two years of this decade the noninstitutional population sixteen years and older in the old Atlanta metropolitan area already had increased 5.4%. A continuation of growth at that rate would generate a 30% increase in Atlanta's population during the decade, far in excess of even the most optimistic projections. However, the latest data revisions on employment show absolutely no reason to assume that growth in that population will subside. Our own population projections in Table 4 included the entire metropolitan statistical area, which now incorporates eighteen counties. The reduction in employment opportunities during the recession was responsible for a modest slowing in population growth during 1983. However, the surge in employment that developed in 1983 and is continuing into 1984 will require a

larger expansion in population than originally expected. Moreover, our five-year estimate of housing needs has been revised upward to an annual rate of 34,870 units in the area surveyed by the Home Builders Association of Metro Atlanta. (Actual housing units permitted in 1983 exceeded need by 6,000, therefore adding to vacancy. However, most of the increased vacancy was justified by increased rental and sales activity. Therefore, excess residential construction is not significant in Atlanta at this time.)

As expected, the largest percentage revision was in construction where 5200 additional jobs were uncovered by the revision in 1983. Also, large upward revision occurred in fabricated metals (1800), wholesale trade (4300), the finance group (3800), and services (6200). State and local payrolls were overstated by 1800, while modest overestimates occurred in transportation equipment and primary metals.

Recent Activity and Outlook

The upward revisions in employment provide more justification for the dramatic rebound that developed in retail employment. Real disposal income probably increased 7% in Atlanta, only slightly less than the 7.1% increase in retail employment. Nevertheless, growth in those establishments probably is slightly excessive under current economic conditions. Similarly, the service sector appears to have expanded more rapidly than can be justified by the expansion in the Atlanta economy. Also, the explosion in employment of the finance group partially reflects the dramatic growth in bank assets upon the introduction of the money market deposit accounts. A continuation of that rapid growth simply is unlikely. As in the state, construction appears to have rebounded so sharply that further rates of increase are not likely. Certainly , housing permits are currently increasing relative to housing need. Although commercial activity slowed in 1983, it is accelerating sufficiently in 1984 to insure that any further reduction in office and warehousing vacancies are unlikely.

However, the rebound in some manufacturing activities is just beginning. Primary metals only began reversing direction in the second half of 1983. Nonelectrical machinery showed little growth until the end of the year. Transportaion equipment has yet to show any growth, although the auto assembly and military transport activity all will occur in the Atlanta metropolitan area. Thus, strong growth in those components is assured in the next two years. Although strike activity at Western Electric distorted payroll employment in the third quarter, the 7.4% annual rate of increase in those payrolls during the fourth quarter certainly suggests that activity has not yet slowed in Atlanta. (Adjusted for the strike, payroll employment still grew 6.2% at annual rates.) Table 6 shows housing permit activity in the important housing construction areas of the Atlanta metropolitan area. The explosion in multi-family activity appears to be far in excess of housing needs. While rental rates did rebound sharply during the fall, rents should be under competitive pressures as these units become completed in the spring. Indeed, most of the housing correction during 1984 should be in the multi-family area. Because of the upward revision in housing need, single family units should be able to justify the units currently projected for the period. The decline in activity in 1985 will be induced by anticipated rising interest rates, but also will re-establish a reasonable balance between need and supply.

Nationwide, office vacancies continue to creep up to a level of 12.4% as measured by the Coldwell Banker Office Vacancy Index. This is three times the

level that prevailed only three years ago. In downtown Atlanta, vacancy crept down to 16.0%. At the same time, the BOMA survey suggests that suburban vacancies are beginning to creep up. With little completion expected in the downtown area in 1984, vacancy rates in that part of the city may fall below suburban rates. While the entire city is expected to have a vacancy rate of 15% in 1984, Atlanta is notorious for not leasing space until it is available. This practice leads to naturally higher vacancy rates than in a pre-lease economy. Of course, the degree of activity that is now expected in 1984 could begin to generate increasing vacancy problems in 1985. At the present time, however, absorption is exceeding completions by about two million square feet at annual rates. Completions are not expected to catch up to absorption until the second half of 1984. This suggests that some increases in rental rates will be possible before the next period of relative building glut develops in 1985.

Coldwell Bankers' Industrial Vacancy Index shows a modest decine from 5.1% in September to 4.9% in December. In Atlanta, however, the vacancy rate was at 1.3%, the lowest this city has experienced in more than seven years. In effect, industrial space is at a premium. Moreover, the employment projections show that job growth in 1984 will be more concentrated in those activities requiring industrial space than in activities requiring retail or office space. Thus, the developing excesses in office activity are being counterweighted by existing shortages in industrial space. While both imbalances clearly are troubling, they suggest that no significant dropoff is likely in construction employment during the next two years.

Mortgage lending institutions in Atlanta continue to show weaker performance than their counterparts statewide. Savings capital expanded a disappointing 0.9%, although net worth did rebound by 1.4% in the latest quarter. Nevertheless, the mortgage lending institutions are backing away from construction commitments, which declined by 36.9% during the fall.

Anyone concerned by the consumer support for the Atlanta economy has no reason to worry through January. The GSU retail surveys show a four-week increase of 26%, even stronger than the Christmas period. Of course, these comparisons include performance relative to the ice storm impact of a year ago. Sales activity is outstripping the growth of consumer purchasing power. Slowing in these sales growth rates is inevitable. According to the taxable sales estimates, such a slowing did develop in the summer quarter, when taxable sales in the metropolitan area were only 13% above previous year levels, a modest 0.8 percentage points better than statewide. In the previous quarter, the performance was almost three percentage points more favorable. Growth of taxable sales slowed in Cobb (from 21.7% to 18.8%), Fulton (8.5% vs. 9.4%) and the lesser counties of Rockdale (8.1% vs. 17.6%), Douglas (20.1% vs. 24.5%) and Fayette (21.1% vs. 31.4%). Taxable sales maintained robust growth in Gwinnett and Cherokee counties and experienced modest acceleration in DeKalb and Clayton counties. Taxable sales in Fulton County have slowed since the introduction of the local option sales tax. However, the concentration remains at 40.7%. It appears, however, that DeKalb County may have modestly benefitted from sales fleeing Fulton County. There is no evidence that sales are fleeing to Cobb or other metropolitan area counties. Moreover, the acclerated loss in share of taxable sales is too modest to make any strong judgments about the impact of the sale tax upon sales activity in Fulton.

After the benchmark revision, there is no longer a significant doubt that economic activity in Atlanta remains healthy. Not only has employment increased

by 4.6% in 1983, but it is anticipated to continue increasing near that rate during the next two years. Some slowing obviously is anticipated by 1985, as construction activity has little justification to expand further. In addition, a little retrenchment in retail activity is appropriate until the Atlanta economy once again overtakes retailing capacity. Employment growth may be too pessimistic in the finance group, although our interruption of the strong gains in 1983 are related to one time events that cannot be sustained.

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Table 1

Georgia Wage & Salary Employment for 1982 and 1983 with Forecasts for 1984 and 1985
(Thousands)

Industry	1982(r)	1983(p)	1984	1985	81-82	82-83	83-84	84-85
1. Mining	7.4	7.3	7.6	7.7	-3.9	-1.4	4.1	1.3
2. Construction	103.0	110.3	116.3	115.8	-1.2	7.1	5.4	-0.4
3. Manufacturing	500.3	508.7	531.6	543.3	-4.6	1.7	4.5	2.2
Durables	178.6	184.2	197.2	205.7	-4.0	3.1	7.1	4.3
Lumber	27.8	30.4	31.4	31.3	-3.1	9.4	3.3	-0.3
Furniture	9.5	9.8	10.2	10.3	2.2	3.2	4.1	1.0
Stone, Clay, Glass	16.3	17.1	17.5	17.6	-5.8	4.9	2.3	0.6
Primary Metals	16.1	15.0	16.1	16.5	-8.5	-6.8	7.3	2.5
Fabricated Metals	18.1	19.2	20.2	20.7	-9.5	6.1	5.2	2.5
Nonelectrical Machinery	20.8	20.7	22.2	23.0	-9.6	-0.5	7.2	3.6
Electrical Machinery	23.4	24.9	27.1	29.1	2.2	6.4	8.8	7.4
Transportation Equipment	34.9	35.2	39.5	43.4	-3.1	0.9	12.2	9.9
Other Durables	11.6	11.9	13.0	13.8	2.7	2.6	9.2	6.2
Nondurables	321.7	324.4	334.4	337.6	-5.0	0.8	3.1	1.0
Food	58.3	58.3	59.6	60.1	-2.0	0.0	2.2	0.8
Textiles	102.2	103.1	106.4	106.5	-10.0	0.9	3.2	0.1
Apparel	69.1	69.2	70.8	71.3	-4.0	0.1	2.3	0.7
Paper	27.7	27.9	29.2	29.9	-2.8	0.7	4.7	2.4
Printing	25.4	26.7	27.2	27.8	4.1	5.1	1.9	2.2
Chemicals	17.4	17.8	18.7	19.2	-0.6	2.3	5.1	2.7
Leather	2.2	2.0	2.0	1.9	-12.0	-9.1	0.0	-5.0
Other Nondurables	19.4	19.5	20.5	20.9	-5.8	0.5	5.1	2.0
4. Transportation, Comm. & Utilities	146.4	147.5	153.4	155.8	1.0	0.8	4.0	1.6
5. Trade	520.0	545.8	572.4	590.2	1.6	5.0	4.9	3.1
Wholesale	162.8	168.1	175.1	178.6	0.5	3.3	4.2	2.0
Retail	357.2	377.6	397.3	411.6	2.1	5.7	5.2	3.6
6. Finance, Ins. & Real Estate	117.2	121.1	124.3	127.1	2.2	3.3	2.6	2.3
7. Services	373.2	394.5	414.7	433.6	3.8	5.7	5.1	4.6
8. Government	434.0	437.0	440.6	445.9	0.7	0.7	0.8	1.2
Federal	85.2	86.2	87.9	88.6	0.5	1.2	2.0	0.8
State & Local	348.8	350.8	352.7	357.3	0.7	0.6	0.5	1.3
Total Wage & Salary Employment	2201.5	2272.2	2360.9	2419.4	0.1	3.2	3.9	2.5

r: revised
p: preliminary

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Table 2 Georgia Personal Income for 1982 with an Estimate for 1983 and Forecasts for 1984 and 1985
(Millions of Dollars)

	1982	1983	1984	1985	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:								
1. Wage & Salary Income	35116	38369	42159	45790	7.4	9.3	9.9	8.6
2. Other Labor Income	3408	3898	4401	4911	12.4	14.4	12.9	11.6
3. Proprietors' Income	2651	3156	3689	3863	-1.9	19.0	16.9	4.7
Farm	556	579	762	716	-0.4	4.2	31.6	-6.0
Nonfarm	2095	2577	2927	3147	-2.3	23.0	13.6	7.5
Labor & Proprietors' Income:								
1. Farm	777	817	1020	999	4.3	5.1	24.8	-2.1
2. Mining	162	167	189	207	3.2	2.8	13.2	9.5
3. Contract Construction	2156	2466	2798	2965	8.2	14.4	13.5	6.0
4. Manufacturing	9207	10094	11252	12272	2.2	9.6	11.5	9.1
Durables	3833	4253	4870	5410	2.7	10.9	14.5	11.1
Nondurables	5374	5841	6382	6862	1.8	8.7	9.3	7.5
5. Transportation & Utilities	4234	4573	5035	5446	9.2	8.0	10.1	8.2
6. Trade	7845	8712	9588	10442	6.9	11.1	10.1	8.9
Wholesale	3830	4203	4635	5028	8.0	9.7	10.3	8.5
Retail	4015	4509	4953	5414	5.9	12.3	9.8	9.3
7. Finance, Ins. & Real Estate	2348	2699	2952	3215	11.4	14.9	9.4	8.9
8. Services	6384	7227	8122	9002	9.3	13.2	12.4	10.8
9. Other Industries	143	163	176	192	2.9	14.0	8.0	9.1
10. Government	7920	8505	9117	9824	9.0	7.4	7.2	7.8
Federal Civilian	1969	2093	2222	2363	6.8	6.3	6.2	6.3
Federal Military	1240	1309	1405	1510	22.9	5.6	7.3	7.5
State & Local	4711	5103	5490	5951	6.8	8.3	7.6	8.4
Plus:								
Property Income	8054	8199	8994	9975	9.9	1.8	9.7	10.9
State U.I. Benefits	324	285	207	186	70.5	12.0	-27.4	-10.1
Other Transfers	7115	7683	8275	8920	8.0	8.0	7.7	7.8
Residence Adjustment	-125	-148	-161	-170	-	-	-	-
Less: Social Ins. Contributions	2507	2768	3072	3518	9.4	10.4	11.0	14.5
Equals: Total Personal Income	54035	58674	64492	69957	7.7	8.6	9.9	8.5
Nonfarm Personal Income	53259	57857	63472	68958	7.8	8.6	9.7	8.6
% of U.S. Nonfarm	2.10	2.15	2.16	2.16	-	-	-	-

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Table 3 Atlanta MSA Wage and Salary Employment for 1982 and 1983 with Forecasts for 1984 and 1985
(Thousands)

Industry	1982(r)	1983(P)	1984	1985	81-82	82-83	83-84	84-85
1. Contract Construction	44.5	50.6	56.6	56.3	-2.0	13.7	11.9	-0.5
2. Manufacturing	143.1	145.7	154.9	162.8	-3.1	1.8	6.3	5.1
Durables	72.6	74.2	81.5	88.0	-3.1	2.2	9.8	8.0
Lumber	2.7	3.0	3.0	3.0	-6.9	11.1	0.0	0.0
Furniture	3.7	3.9	4.2	4.3	-2.6	5.4	7.7	2.4
Stone, Clay, Glass	6.8	7.8	8.3	8.3	-6.8	14.7	6.4	0.0
Primary Metals	5.3	4.5	5.2	5.4	1.9	-15.1	15.6	3.8
Fabricated Metals	7.4	8.3	9.1	9.4	-6.3	12.2	9.6	3.3
Nonelectrical Machinery	7.7	7.7	8.1	8.5	-7.2	0.0	5.2	4.9
Electrical Machinery	11.8	11.8	12.2	12.7	3.5	0.0	3.4	4.1
Transportation Equipment	22.4	22.2	26.1	30.9	-7.8	-0.9	17.6	18.4
Other Durables	4.8	5.0	5.3	5.5	20.0	4.2	6.0	3.8
Nondurables	70.5	71.5	73.4	74.8	-3.2	1.4	2.7	1.9
Food	19.0	19.3	19.8	20.2	-1.0	1.6	2.6	2.0
Textiles	4.8	4.2	3.9	3.7	-22.6	-12.5	-7.1	-5.1
Apparel	8.8	9.0	9.1	9.3	-5.4	2.3	1.1	2.2
Paper	7.7	8.1	8.4	8.6	-6.1	5.2	3.7	2.4
Printing	16.4	16.9	17.5	18.0	2.5	3.0	3.6	2.9
Chemicals	7.7	7.8	8.0	8.1	0.0	1.3	2.6	1.3
Other Nondurables	6.3	6.2	6.7	6.9	0.0	-1.6	8.1	3.0
3. Transportation, Comm. & Utilities	91.8	92.0	95.6	98.1	2.2	0.2	3.9	2.6
4. Trade	280.4	297.2	310.8	321.8	2.5	6.0	4.6	3.5
Wholesale	105.8	110.3	114.0	116.5	0.9	4.3	3.4	2.2
Retail	174.5	186.9	196.8	205.3	3.4	7.1	5.3	4.3
5. Finance, Ins. and Real Estate	71.6	75.4	77.5	79.6	4.2	5.3	2.8	2.7
6. Services	215.8	230.1	242.1	253.2	3.7	6.6	5.2	4.6
7. Government	163.1	165.2	166.7	168.4	0.2	1.3	0.9	1.0
Federal	33.9	33.9	34.1	34.3	-1.2	0.0	0.6	0.6
State & Local	129.3	131.2	132.6	134.1	0.6	1.5	1.1	1.1
Total Wage & Salary Employment	1010.2	1056.2	1104.2	1140.2	1.4	4.6	4.5	3.3

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Table 4 Atlanta MSA Personal Income for 1981 with Estimates for 1982 and 1983 and Forecasts for 1984 and 1985
(Millions of Dollars)

	1981	1982	1983	1984	1985	80-81	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:										
1. Wage & Salary Income	16669	18038	19972	22115	24216	12.4	8.2	10.7	10.7	9.5
2. Other Labor Income	1515	1700	1948	2197	2454	12.2	12.2	14.6	12.8	11.7
3. Proprietors' Income	1085	1057	1289	1473	1585	3.2	-2.6	21.9	14.3	7.6
Farm	36	34	35	41	38	72.7	-5.6	2.9	17.1	-7.3
Nonfarm	1049	1023	1254	1432	1547	1.9	-2.5	22.6	14.2	8.0
Labor & Proprietors' Income:										
1. Farm	46	45	47	54	52	47.9	-2.2	4.4	14.9	-3.7
2. Mining	20	20	21	22	24	13.0	0.0	5.0	4.8	9.1
3. Contract Construction	991	1064	1288	1545	1637	3.4	7.4	21.0	20.0	5.9
4. Manufacturing	3147	3261	3577	4067	4565	12.4	3.6	9.7	13.7	12.2
Durables	1820	1886	2074	2431	2791	13.5	3.6	10.0	17.2	14.8
Nondurables	1327	1375	1503	1636	1774	10.9	3.6	9.3	8.9	8.4
5. Transportation & Utilities	2604	2875	3088	3396	3709	14.2	10.4	7.4	10.0	9.2
6. Trade	4679	5048	5652	6198	6773	11.0	7.9	12.0	9.7	9.3
Wholesale	2705	2932	3246	3554	3864	11.8	8.4	10.7	9.5	8.7
Retail	1974	2116	2406	2644	2909	9.9	7.2	13.7	9.9	10.0
7. Finance, Ins. & Real Estate	1404	1592	1861	2040	2230	9.3	13.4	16.9	9.6	9.3
8. Services	3583	3913	4464	5022	5565	13.8	9.2	14.1	12.5	10.8
9. Other Industries	35	36	41	44	47	5.7	4.3	12.6	6.5	7.5
10. Government	2761	2941	3170	3397	3653	12.1	6.5	7.8	7.2	7.5
Federal Civilian	810	851	895	938	995	7.4	5.1	5.1	4.8	6.1
Federal Military	99	114	117	124	132	13.4	15.4	2.7	5.6	6.3
State & Local	1852	1976	2158	2335	2526	14.3	6.7	9.2	8.2	8.2
Plus:										
Property Income	3227	3569	3587	3953	4392	20.4	10.6	0.5	10.2	11.1
Transfer Payments	2236	2453	2625	2790	2999	12.7	9.7	7.0	6.3	7.5
Residence Adjustment	-622	-643	-662	-673	-678	-	-	-	-	-
Less: Social Ins. Contributions	1182	1303	1458	1630	1882	20.8	10.2	11.9	11.8	15.5
Equals: Total Personal Income	22928	24871	27301	30225	33086	12.6	8.5	9.8	10.7	9.5
Nonfarm Personal Income	22882	24826	27254	30171	33034	12.6	8.5	9.8	10.7	9.5
% of Georgia Nonfarm	46.67	46.61	47.11	47.53	47.90	-	-	-	-	-
Population (#,Thousands)*	2190	2245	2294	2351	2410	2.43	2.51	2.19	2.46	2.54

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	82-4(r)	83-1(r)	83-2(r)	83-3(r)	83-4(p)	Dec(p)	82-4(r)	83-1(r)	83-2(r)	83-3(r)	83-4(p)	Dec(p)
Total	2206.5	2227.1	2258.0	2284.9	2317.6	2327.9	1017.9	1031.9	1050.3	1061.1	1080.1	1085.6
Mining	7.3	7.2	7.2	7.4	7.5	7.5	-	-	-	-	-	-
Contract Construction	101.8	103.6	107.7	113.1	116.2	117.5	44.5	46.5	48.6	51.4	55.5	57.0
Manufacturing	492.4	498.7	504.5	510.8	520.6	523.2	140.8	143.2	145.1	145.7	148.5	149.3
Durables	174.9	179.4	182.3	185.8	189.5	191.7	70.8	73.1	73.5	74.0	76.4	76.6
Lumber	28.6	29.4	30.1	30.8	31.3	31.5	2.8	3.0	3.0	3.0	3.0	2.9
Furniture	9.6	9.7	9.8	9.9	9.9	10.0	3.8	3.9	3.9	3.9	4.1	4.2
Stone, Clay, Glass	16.3	16.9	17.0	17.1	17.5	17.4	6.8	7.6	7.7	7.9	8.1	8.3
Primary Metals	15.2	15.2	14.9	14.3	15.6	15.7	5.0	4.7	4.5	3.8	4.9	5.0
Fabricated Metals	18.0	18.2	19.1	19.6	19.8	20.0	7.4	7.5	8.3	8.5	8.9	9.0
Nonelectrical Machinery	19.7	20.0	20.4	20.9	21.7	21.8	7.5	7.4	7.6	7.8	7.9	8.0
Electrical Machinery	23.3	23.4	24.7	25.4	26.0	26.3	11.8	11.6	11.8	11.9	11.9	11.7
Transportation Equipment	32.6	34.7	34.8	35.6	35.8	36.3	20.9	22.4	21.8	22.1	22.5	22.3
Other Durables	11.6	11.9	11.5	12.1	12.0	12.6	4.8	5.0	4.9	5.1	5.1	5.2
Nondurables	317.0	319.1	322.2	325.9	330.4	331.4	70.0	70.8	71.4	71.7	72.1	72.7
Food	57.4	57.6	58.1	58.4	58.9	59.2	19.0	19.3	19.3	19.3	19.4	19.7
Textiles	100.0	100.8	102.0	104.1	105.5	105.8	4.4	4.1	4.3	4.2	4.0	3.9
Apparel	67.5	68.4	68.8	69.3	70.3	70.5	8.7	9.0	9.0	9.1	9.0	9.1
Paper	27.8	27.8	27.8	27.9	28.1	28.4	7.9	7.8	8.1	8.2	8.2	8.2
Printing	25.9	26.1	26.9	26.9	26.9	27.0	16.4	16.5	17.0	17.0	17.2	17.4
Chemicals	17.3	17.4	17.7	17.9	18.2	18.3	7.5	7.8	7.7	7.7	7.8	8.0
Leather	2.1	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-	-
Other Nondurables	19.1	19.2	18.9	19.5	20.5	20.3	6.1	6.3	6.1	6.2	6.4	6.5
Transportation, Comm. & Util.	146.0	146.2	147.5	145.8	150.4	151.5	91.4	91.2	92.6	90.4	94.0	94.5
Trade	524.3	532.1	541.1	550.2	559.3	562.2	283.8	290.3	294.8	299.8	303.8	305.1
Wholesale	162.9	164.6	166.7	169.1	172.2	173.2	106.1	107.7	109.7	111.4	112.4	112.7
Retail	361.3	367.5	374.5	381.4	386.9	388.8	177.8	182.3	185.3	188.4	191.4	192.5
Finance, Ins. & Real Estate	118.6	119.5	120.7	121.4	122.8	123.1	73.2	74.6	75.1	75.5	76.3	76.6
Services	379.6	384.0	391.2	398.1	404.3	407.8	219.7	222.0	228.9	232.4	236.7	238.4
Government	436.4	435.7	438.1	437.9	436.4	435.2	164.5	164.1	165.4	165.9	165.4	164.9
Federal	85.5	85.9	85.8	86.3	87.0	87.5	33.8	33.7	33.7	34.0	34.4	34.6
State & Local	350.9	349.7	352.4	351.6	349.4	347.8	130.7	130.5	131.6	131.9	130.9	130.2

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Table 6 Metro Atlanta Housing Permits for 1982 and 1983 with Forecasts for 1984 and 1985

	1982		1983		1984		1985	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1172	14	1150	25	1125	50
Clayton	642	28	1269	6	1300	40	1250	100
Cobb	3337	824	5986	4243	5600	3100	5500	3000
DeKalb	2023	1107	3119	4371	3200	3500	2900	3110
Douglas	307	4	658	6	680	10	700	20
Forsyth	277	30	463	14	480	25	500	40
Fulton	2175	2601	3748	3321	3350	3000	3200	2200
Gwinnett	3686	1523	5980	3226	6100	3000	5800	2800
Henry	334	10	602	18	625	30	645	40
Rockdale	261	138	437	144	380	170	370	220
Total	13936	6265	23434	15363	22865	12900	21990	11580
% Change From Previous Year	+37.7	+10.9	+65.1	+111.3	-2.4	-16.0	-3.8	-10.2
% Change in Total (single + multi)	+28.0		+79.5		-7.8		-6.1	

Note:
The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Georgia Employment in 1988

	1982	1988	% Change	Annual Rate	Previous Annual Rate
Mining	7.4	7.8	5.4	0.9	-0.7
Construction	103.0	132.9	29.0	4.3	1.7
Manufacturing	500.3	564.5	12.8	2.0	0.6
Durables:	178.6	218.5	22.3	3.4	1.4
Lumber	27.8	31.8	14.4	2.3	0.6
Furniture	9.5	10.5	10.5	1.7	0.6
Stone, Clay, Glass	16.3	18.6	14.1	2.2	-0.3
Primary Metals	16.1	16.9	5.0	0.8	-0.4
Fabricated Metals	18.1	22.3	23.2	3.5	-1.3
Nonelectrical Machinery	20.8	25.4	22.1	3.4	-1.0
Electrical Machinery	23.4	32.7	39.7	5.7	5.1
Transportation Equipment	34.9	45.1	29.2	4.4	3.4
Other Durables	11.6	15.2	31.0	4.6	4.1
Nondurables:	321.7	346.0	7.6	1.2	0.1
Food	58.3	62.0	6.3	1.0	0.1
Textiles	102.2	104.2	2.0	0.3	-1.6
Apparel	69.1	72.8	5.4	0.9	-0.2
Paper	27.7	32.1	15.9	2.5	0.7
Printing	25.4	29.8	17.3	2.7	4.4
Chemicals	17.4	21.0	20.7	3.2	1.5
Leather	2.2	1.7	-25.8	-4.2	-4.4
Other Nondurables	19.4	22.4	15.5	2.4	2.4
Transportation, Comm. & Utilities	146.4	163.7	11.8	1.9	2.1
Trade:	520.0	655.0	26.0	3.9	3.4
Wholesale	162.8	194.6	19.5	3.0	2.4
Retail	357.8	460.4	28.7	4.3	3.8
Finance, Ins. & Real Estate	117.2	139.2	18.8	2.9	2.4
Services	373.2	495.1	32.7	4.8	3.5
Government:	434.0	467.0	7.6	1.2	2.1
Federal	85.2	90.6	6.3	1.0	0.7
State & Local	348.8	376.4	7.9	1.3	2.4
Total Wage & Salary	2201.5	2625.2	19.2	3.0	2.3
Population	5639	6162	9.3	1.49	1.17

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Table 8

Georgia Personal Income in 1988

	1982	1988	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	35116	60769	73.1	9.6	8.9
2. Other Labor Income	3408	6228	82.7	10.6	9.4
3. Proprietors' Income:	2651	4610	73.9	9.7	7.6
Farm	556	784	41.0	5.9	7.0
Nonfarm	2095	3826	82.6	10.6	7.7
Labor & Proprietors' Income:					
1. Farm	777	1136	46.2	6.5	6.9
2. Mining	162	257	58.6	8.0	6.6
3. Contract Construction	2156	4192	94.4	11.7	7.9
4. Manufacturing:	9207	15535	68.7	9.1	7.7
Durables	3833	7040	83.7	10.7	8.2
Nondurables	5374	8495	58.1	7.9	7.3
5. Transportation, Comm. & Utilities	4234	7010	65.6	8.8	9.0
6. Trade:	7845	13965	78.0	10.1	9.1
Wholesale	3830	6711	75.2	9.8	9.2
Retail	4015	7254	80.7	10.4	8.9
7. Finance, Insurance & Real Estate	2348	4313	83.7	10.7	10.2
8. Services	6384	12416	94.5	11.7	10.1
9. Other Industries	143	238	66.5	8.9	7.9
10. Government:	7920	12545	58.4	8.0	9.2
Federal Civilian	1969	2837	44.1	6.3	8.0
Federal Military	1240	1920	54.8	7.6	8.6
State & Local	4711	7788	65.3	8.7	9.7
Plus:					
Property Income	8054	13277	64.8	8.7	9.5
State (U.I.) Benefits*	324	207	-36.1	-7.2	3.3
Other Transfer Payments	7115	11081	55.7	7.7	6.8
Residence Adjustment	-125	-193	-	-	-
Less: Social Ins. Contributions	2507	4867	94.1	11.7	11.1
Equals: Total Personal Income	54035	91112	68.6	9.1	8.6
Real Personal Income*	25121	30030	19.5	3.0	2.4
Adjusted PCE Deflator**	215.1	303.4	41.1	5.9	6.0

** Assuming CPI rises 6.0% per year, adjusted to reflect difference from national purchasing power, and to eliminate CPI bias.
* Assuming 4.5% unemployment rate in 1988.

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Georgia State University Forecast

Georgia and Atlanta 1983-1985

Presented at the
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of the
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May 10, 1984

Economic Forecasting Project
Donald Ratajczak, Director
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MODEST SLOWING IN GEORGIA GROWTH EXPECTED SOON

Dr. Donald Ratajczak
Director
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Recent Activity

For all of 1983, Georgia personal income grew nearly three percentage points more rapidly than in the nation as a whole. Wages and salaries advanced nearly four percentage points faster than nationwide, but a decline in unemployment compensation, itself a measure of strength in the Georgia economy, reduced the differential performance of personal income. Benefit payments as reflected by other labor income surged 16.0% in Georgia as compared with a 10.7% gain nationwide. Even farm income declined less spectacularly in Georgia, showing a 1.8% drop as compared with the 8.9% decline posted for the U.S.

Some of the strongest sectors were contract construction, durable manufacturing, the transportation service sector, and trade. Financial services showed only a 1% more favorable rate of gain in Georgia while there was little difference between government payrolls in Georgia and in the nation as a whole.

Georgia continued to outperform the nation in personal income gains during the fourth quarter, but the 10.1% seasonally adjusted fourth quarter gain was only marginally better than the 9.7% gain in nonfarm personal income for the nation as a whole. Sharply increased Social Security taxes in Georgia, where very few salaries are sufficiently high to complete their annual payroll liabilities before the end of the year, partially accounted for this narrowing in growth rates. Smaller gains in property income in Georgia than in the nation also developed. However, the largest factor explaining the relative slowing in growth of personal income in Georgia was an estimated slowing in farm income. Clearly, the PIK program was much more beneficial to farming nationwide than it was in Georgia, where heavy poultry and hog raising makes Georgia merely self-sufficient in grain production. However, monthly farm cash receipts grew strongly as the fourth quarter progressed due to favorable changes in the pricing of poultry products. Indeed, the GSU coincident indicators show a significant positive contribution from the farm sector to Georgia's economy in the fourth quarter. This suggests that estimates made by the Department of Commerce may understate the contributions from Georgia agriculture during the fourth quarter.

Earnings continued to grow more strongly than nationwide during the fourth quarter in construction (13.2% v. 5.0%), durable manufacturing (26.9% v. 11.6%), wholesale trade (11.3% v. 9.6%), and the financial and business services. However, payrolls grew more slowly for the important nondurables (5.1% v. 9.1%), the transportation services sector (12.0% v. 15.7%), and government (2.6% v. 4.4%). A sharp slowing in payroll growth for state and local governments accounted for most of the slowing in the government sector.

According to the seasonally adjusted employment figures in Table 5, payroll employment in Georgia increased 5.8% in the first quarter as compared to a gain of 4.0% for the nation. Although average workweeks appear to have expanded more sharply nationwide than in Georgia, these figures still would suggest that

personal income in Georgia remained stronger than nationwide early this year. However, two offsetting factors are influencing farm income. The PIK distributions were not as significant a contributor to farm income in Georgia as they were nationwide. On the other hand, a significant increase in poultry consumption and the Avian flu, which reduced production levels outside Georgia, lead to profitable prices for poultry raisers. On balance, farm incomes grew more slowly in Georgia than nationwide in the first quarter, but total income in Georgia probably continued to show a modest increase relative to the nation.

According to Georgia's latest coincident indicators, economic activity increased 8.2% in the fourth quarter and slowed to a still strong 7.0% rate of increase in the first quarter of 1984. Nationwide, the reported gains were 5.0% and 8.3% respectively. During the last year the Georgia economy increased 6.8%. In 1983 Georgia gross state product, adjusted for inflation, expanded about 4.6%, as compared with a 3.4% increase for the nation. Inflation-adjusted gross state product is expected to increase 6.5% in Georgia during 1984 before slowing to a 4.5% rate of increase in 1985. In both years, this is about a percentage point more vigorous than in the nation.

Although economic activity in Georgia remains strong, the coincident index is registering a modest degree of slowing. The farm economy no longer is contributing positively to the Georgia economy. Declines in the insured unemployment rate are becoming more difficult, while the index of hours worked is growing at a reduced rate. Weather factors probably unduly slowed the Georgia economy in March, and a modest rebound should be expected in the spring.

However, a weakening trend has developed for Georgia's leading indicators. These indicators increased little in the latest three months. Although significant contributions are being generated by nonresidential construction contracts, a significant slowing in consumer activity nearly offsets this influence. Because of recent trendlessness in the leading indicators, the Georgia economy is expected to show significant slowing in its rate of growth by the summer months. However, a rebound from weather-related disruptions in March should continue to generate strong employment gains in the Georgia economy through the spring. The seasonally adjusted employment profile for Georgia contained in Table 5 shows no evidence of any substantial slowing in the growth of employment opportunities. Construction remains unusually strong, although the ratio of construction employment to total employment is now .053. Long-term employment growth in Georgia would need to exceed 2.7% (including recessionary periods) to sustain this level of construction activity. Our five-year projection of Georgia employment does not show quite that amount of employment growth, suggesting that current construction activity is creeping above sustainable levels. Nevertheless, construction employment is still advancing.

Manufacturing continued to surge in the winter months, led by significant expansion for almost all durable industries. Gains in transportation equipment were especially substantial. Employment also continued to grow for most nondurable manufacturing industries, although food processing showed some weakness as more meat-packing plants permanently closed. Employment in textiles continued to expand, but employment opportunities in this industry are not expected to show further significant gains. Retail trade continued to show significant expansion and the service sectors also added employment. Government payrolls declined under budgetary restraint pressures. When these restraints ease in the next fiscal year, another source of employment gains in the government sector will emerge. While the strongest growth in employment

probably has already occurred, significant employment growth should continue in the months ahead.

Georgia's unemployment rate declined to 6.2% in March, and experienced a 2.2 percentage point improvement from previous year levels. Nationwide, unemployment improved by 2.7 percentage points but only fell to 8.1% before seasonal adjustment in March. The gap in unemployment rates between Georgia and the nation should continue to narrow as the Georgia economy clearly is approaching levels of high employment for skilled workers. In March, the insured unemployment rate in Georgia was 1.9%, a full percentage point below the 2.9% for the nation. Atlanta continued to show the lowest unemployment rate, at 5.1%, with the Athens metropolitan area trailing by only a negligible amount. Unemployment rates declined by two percentage points in both areas. Unemployment rates hovered between 7.3% and 7.5% for Augusta, Columbus, Macon, and Savannah. For Macon, these levels reflected only a gradual downward drift in unemployment rates. In the other metropolitan areas, however, unemployment declines were comparable to those experienced statewide. Augusta, however, showed the most significant decline from previous year levels, although an estimated drop in the labor force apparently caused most of this improvement in unemployment. Albany also experienced a decline in the labor force, but limited employment opportunities prevented the unemployment rate from dropping substantially. Unemployment in Albany during March was still a high 8.8%, only slightly below the 10.2% registered a year ago. These unemployment rates in Georgia suggest that unemployment in the state will average 6.3% for all of 1984. A decline in unemployment to slightly less than 6% remains likely in 1985.

Inflation in the Atlanta area is only slightly greater than nationwide at the present time, with the CPI for all urban consumers increasing 4.8% from previous year levels in February as compared with a gain of 4.6% for the comparable index nationwide. During the latest two available months, prices rose 1.1% in the nation and a smaller 0.7% in Atlanta. In the latest two months, prices grew more sharply in Atlanta for groceries (4.5% v. 3.7% nationwide), including fruits and vegetables (13.6% v. 9.5%), which probably reflected the impact of severe weather upon the normally more readily available produce crops from Florida. Partially offsetting this higher increase in food prices was a significantly smaller gain for alcoholic beverages in the Atlanta area. Renters' costs in Atlanta showed no change as compared with a 0.9% gain in the nation in the last two months, while homeowners' costs increased 0.6% in the nation while falling 0.4% in Atlanta. These changes in shelter costs may be the early signs that residential housing in the Atlanta area is becoming overbuilt. Although Atlantans may not believe that utility fees are growing more slowly locally than nationwide, the CPI clearly shows only a 0.1% gain in the last two months as compared with a 2.5% increase in utility prices nationwide. Prices of apparel also fell more sharply in Atlanta than in the nation. Although inflation currently is running above the national average, the Atlanta CPI still is expected to show slightly smaller increases than nationwide for the 12 months of 1984. Indeed, the Atlanta CPI probably will increase only 4.6% in that period before accelerating to an increase of 6.0% in 1985.

After trailing performances nationwide for all of last year, a little light began to shine upon Georgia's savings and loan associations in the first quarter, when regulatory net worth increased a strong 16.5%. This compared favorably with a gain of 9.6% for all southeastern institutions and a smaller 5.3% increase nationwide. This increased performance apparently encouraged

savings and loans to increase their mortgage commitments by a strong 27.4% in Georgia. In the southeast, commitments increased a miniscule 0.6% in the first quarter, while the gain was still a small 3.9% nationwide. In the winter, savings capital in Georgia's institutions expanded only 1.5%, significantly slower than the 2.8% regional gain or the 3.2% increase nationwide. Unless the size of Georgia institutions can increase, which requires a significant expansion in savings capital, the developing increases in interest rates will not permit Georgia institutions to significantly raise yields on their investments. Thus, the current improvement in net worth may be exhausted during the next bout of rising mortgage rates.

Through March, available statistics showed no significant increase in effective mortgage interest rates on loans closed in Atlanta. Estimated mortgages were only 11.97% as a result of aggressive discounting for adjustable rate mortgages. Because of this discounting, the effective mortgage rate actually declined by 1.59 percentage points from the previous year. This was even better than the performance nationwide, where the effective mortgage rate was 12.24%, a decrease of only 0.93 percentage points from previous year levels. Nationwide, housing prices are $6100 above year ago levels. In Atlanta, the average price of houses sold is up $14,400 from the prior year. Nevertheless, the index of homeowners' costs clearly suggests that comparable housing is not showing significant price increases at the present time. After discounting of adjustable rate mortgages has ended, effective mortgage rates should rise significantly in Atlanta. By the end of 1984, effective mortgage rates should approach 14% in the metropolitan area. They may rise toward 15% by the middle of 1985. As a result, home purchases soon will slow under the onslaught of rising interest rates.

Because of unusual complications in Georgia's tax returns, filings flowed from and refunds flowed to Georgia taxpayers at a slower rate in 1984 than in previous years. As a result, income tax collections showed much more modest gains than would be expected by the strength of personal income and other economy-wide measures. Even the present very strong gains in revenue, which were 12.9% above previous year levels in March, do not preclude a continuation of strong revenue gains well into 1985. On a quarterly basis, revenues increased 14.3% in the winter after showing gains of 12.4%, 7.3%, 9.3%, and 8.9% in previous quarters. In the first nine months of the current fiscal year, revenue has increased 11.3%. The adjusted governor's budget requires only a 10.3% increase to remain balanced. Although refunds will be disbursed more dramatically in the second quarter, total revenues probably will increase 11.5% in the current fiscal year. While a slowing in revenue growth normally is anticipated as the recovery matures, significant gains in individual and corporate income tax collections remain likely well into 1985. The 6.8% increase in motor fuel tax receipts and the 13.2% increase in sales tax collections during the first nine months of this fiscal year probably cannot be sustained at those rates into next year. However, acceleration of income tax collections should permit total revenues to expand by 11.0% in that year.

Taxable sales for all of 1983 increased 11.8%, above the 9.1% increase in personal income. However, reductions in Federal tax rates generated an increase in disposable income of nearly 11%. The additional one percentage point rise in sales tax reflects either a more significant gain in taxable to nontaxable consumer spending, a likely condition in the early stages of an economic rebound, a reduction in savings, which is partially reflected by reduced growth in savings capital at savings institutions, or an increase in the purchases of

nonresidents. To the extent that savings were pulled down in 1983, a slowing in taxable sales and in consumer support for the Georgia economy should be anticipated in 1984.

There is no sign yet that consumers are withdrawing from support for the Georgia economy. In the most recent quarter, sales tax receipts were 14.6% above previous year levels. This compares with increases of 13.4%, 11.5%, 11.8%, and 7.1% in previous quarters. Nationwide, sales tax receipts at all state and local governments also were strong, but their increase of 12.2% not only fell short of Georgia's performance, but also fell short of the 12.6% recorded in the previous quarter. Recent quarterly gains nationwide were 11.9%, 10.5%, and 8.3%. As mentioned above, slow filing of tax forms may have distorted income tax collections in Georgia. In the winter months, collections were 11.0% above previous year levels. This compared with increases of 13.2%, 1.3%, 14.1%, and 18.4% in previous quarters. This also compared unfavorably with the income tax collections for all state and local governments, which showed gains of 16.3%, 17.9%, 16.8%, 14.6%, and 10.4% in previous quarters. Obviously, more rapid personal income growth and slower personal income tax collections are incompatible over any sustained period of time. In the absence of conclusions that compliance is significantly eroding in Georgia, income tax collections should continue to accelerate sharply relative to the nation in subsequent quarters. Because of a more modest recession than nationwide, corporate profits are not rebounding as sharply in the state as in the nation. Nevertheless, corporate tax accruals in the winter were 49.9% over previous year levels. This compared with gains of 25.6% and 23.6% in two previous quarters after accruals declined by 1.4%, 0.9%, and 19.4% in earlier quarters. All state and local governments are showing gains for corporate accruals of 52.7% in the winter, compared with gains of 41.5%, 41.5%, 23.7%, and 1.6% in previous quarters.

Summary of Outlook

Retail trade, construction, and business services were the engines of economic recovery in Georgia during 1983, although strong gains in some of the durable goods industries also provided support for the Georgia economy. A healthy economic expansion would pass the torch of strong growth to other sectors as the expansion progresses. Otherwise, unbalanced sectoral developments would begin to occur. Manufacturing is expected to increase its support for employment gains in Georgia during 1984, with an especially vigorous contribution occurring in transportation equipment, electrical machinery, and nonelectrical machinery industries. However, construction, retail trade, and business services continue to be the sectors enjoying greatest employment gains. This raises questions about the durability of this relatively vigorous rebound.

Construction already has reached a concentration that requires long-term payroll employment growth of more than 2.7% per year. By the end of 1983, housing activity in Georgia already had begun to exceed sustainable rates of gain relative to demographic conditions. In the first quarter of 1984, activity appears to be 20% above 1983 levels. Thus, a reaction to overbuilding is becoming a distinct possibility late in 1984 or in 1985. Public construction might pick up a modest portion of the slack statewide, although public construction spending in the Atlanta area almost certainly will be trending downward in the next two years. In 1984 strong gains in nonresidential construction are expected, as contracts for such activity continue to run nearly 50% above previous year levels. However, such gains in activity cannot be

sustained through 1985. Moreover, rising interest rates should dampen construction activity sometime in the next two years.

When construction begins to falter, weakness should begin resurfacing in building materials industries. Employment growth is expected to continue in the metals industries and especially in machinery, where responsiveness to economic conditions lags economic events. Also, significant gains are anticipated in transportation equipment employment. Nevertheless, payroll employment gains in durable manufacturing are expected to be only half as large in 1985 as the vigorous 7.2% rate of gain that is anticipated for 1984.

Employment growth in nondurable manufacturing is not as vigorous as in durables. Only the printing industry has experienced any significant gains, and that reflects sharp increases in printing of business forms that developed when new bank instruments were developed. Slowed growth in printing is expected now that new bank products have slowed. Strong spending on consumables nationwide should support modest gains in payrolls in textiles and apparel in 1984. An anticipated decline in housing nationwide, however, should detract from carpet production in 1985. Moreover, the secular decline in textile employment should reappear. Thus, nondurable employment should not show significant gains.

A modest surge in transportation services is adding to employment growth in the transportation group during 1984. As the growth of transportation services slows in 1985, payroll gains in this group also should slow. One unknown is the magnitude of employment growth that may be generated by the current changes in the communications industry. At the present time, no adjustments have been made to our forecasting procedures to reflect conditions that might develop in that sector. The trade sector almost certainly must slow after two years of vigorous expansion. The volume of real spending in Georgia almost certainly will grow more slowly in 1984 and 1985 than in 1983, when real spending increased almost 7%. Partially offsetting slowing factors will be an anticipated modest rebound in state and local government payrolls as budgetary stringency becomes relaxed. After far outstripping national performance in 1983, personal income in Georgia should grow only slightly more rapidly than nationwide in 1984 and 1985. Although estimated personal income accelerates by one percent in 1984, the absence of further tax reduction initiatives and a modest acceleration in the inflation rate imply that purchasing power will be growing two percentage points less in that year. In 1985 purchasing power adjusted for inflation is expected to increase only about 3.5% in Georgia. Thus, employment in retailing will be growing more rapidly than sales volume in 1985. More modest growth in retail activity could then be anticipated in 1986.

Despite a developing pattern that requires some correction in the construction and retail trade sectors, employment opportunities in the Georgia economy remain substantial. Manufacturing will partially replace the construction and retail sectors as a force for sustaining economic expansion. Growth should continue to remain steady in the finance group despite some probable weakness in real estate employment during 1985. There are not yet any signs of recessionary behavior on the Georgia horizon, but the failure to restrain retail and construction activity during 1984 could lead to excesses in those sectors that would require a more substantial downward adjustment than currently is envisioned. At this time, however, vigorous employment and economic growth are anticipated in Georgia in 1984, followed by significant slowing in the growth of economic conditions during 1985 - but not slow enough to be classified as a recessionary period.

Atlanta Boom to Slow Only Slightly

Recent Activity and Outlook

According to seasonally adjusted employment estimates in Table 5, employment in Atlanta surged at a 7.2% annual rate in the first quarter of 1984. This growth was on top of a gain of 4.6% in 1983. As in the state, significant growth was in construction, retail employment, and business services. There are no signs that growth is slowing in these three sectors, but activity has begun to intensify in manufacturing, transportation services, and finance sectors. Indeed, economic growth in the Atlanta economy is especially widespread early in 1984, although growth is becoming unbalanced in construction and retail activity.

Revisions in estimates of Atlanta personal income show more vigorous expansion in 1983 than originally expected. Disposable income before adjustment for inflation increased almost 12.5%. With prices increasing less than 4%, this led to nearly an 8.5% increase in real purchasing power. Thus, the 7.1% increase in employment at retail establishments is consistent with this implied level of activity. (Actually, taxable sales in Atlanta increased 13.3%. This would suggest that the savings rate probably fell slightly in Atlanta during 1983.) The absence of any further tax reductions and a percentage point acceleration in anticipated inflation should slow the growth of real purchasing power to 6.5% in 1984. If the savings rate increases slightly and if purchases by nonresidents do not significantly increase their share of total taxable sales, the projected 6.9% increase in retail employment will be a percentage point excessive for retail volume. Significant slowing in retail employment growth should develop in 1985.

In construction the question is: when and by how much will Atlanta's economy become overbuilt? Current population flows show migration and natural population changes generate nearly 2.5% population growth per year in the Atlanta economy. Such a rapid increase in population is estimated to be able to sustain about 35,800 permits per year in the permit-issuing counties surveyed by the Homebuilders Association of Metropolitan Atlanta. In 1983, permits exceeded that sustainable level by about 3,000. Most of the excess occurred in multi-family housing units, although town homes may also be excessive. Although 1983 permit levels are excessive, they are not critically so. However, permits have exceeded 1983 levels during the first three months of 1984 in all types of housing. Single-family homes permitted are 14.2% above a year ago. Town homes are 26.1% in excess of previous year levels. Multi-family units are 22.8% above a year ago. Condominiums are 109% above 1983 levels. Moreover, every single sector of the housing market showed greater permits in March 1984 than in March 1983. In short, construction excesses that were tolerable are rapidly moving toward more critical levels. Multi-family excesses appear to be most extensive in Fulton and Gwinnett counties. Single-family excesses may be developing in Cobb and Gwinnett. Moreover, rental properties have been constructed at a significant pace in Clayton county early in 1984 for the first time since the 1973 bust in that part of the metropolitan area.

Table 6 shows what should happen to housing permits if the representative counties begin to respond to normal economic pressures in a rising interest rate environment. While declines in activity from previous year levels occur for both single- and multi-family units, the magnitude of economic decline that is anticipated is not substantial. Further moderate declines then are anticipated

in 1985. However, this slowing implies that the rapid rate of activity that developed early in 1984 soon will end. At the present time, there is no evidence that building frenzy is slackening. As there is no reason to alter our estimates of housing need at the present time, failure to slow housing activity in 1984, while it will add to employment in this year, will only necessitate a more substantial housing decline than currently projected for 1985.

Fortunately, there is little evidence that office space is being overbuilt at the present time. Almost all measures of office vacancy show declines for Atlanta. The Coldwell Banker Office Vacancy Index for property in downtown Atlanta shows a decline to 14.7% in March even as the national vacancy rate was rising to 13.1%. The absence of any new projects in the downtown area insures that vacancy rates will continue to fall throughout 1984. Indeed, the development of suburban space does not appear to be at the expense of downtown office space at the present time. While the Adams/Cates index shows a slight uptick in office space availability in the metropolitan area during the fall, a downtrend has resumed in the winter months. Their index also includes suburban office space, where most of the newly available space is being developed. The latest study by Carter and Associates showed a 12.7% vacancy rate on property that averages $14 per square foot rental rates. Their surveys, which include Pershing Point developments in the central business district, show 16.8% vacancies in that area, as compared with 19.6% vacant in the downtown area comparable to Coldwell Banker. The suburban market is only 9.8% vacant according to their estimates. However, the suburban market has more than 4 million square feet under construction with an average projected rental rate of $18. In effect, new property in the suburban area will be renting for the same rate as existing Class A property downtown. Their figures also show that net space absorption in the last year was approximately 4.4 million square feet, although virtually all the major areas experienced rental concessions to generate that degree of activity. According to their estimates, current absorption trends are basically consistent with current construction activity, although imbalances might develop in varying locations. In 1985, however, announcements of construction activity in the suburban areas are more than 2 million square feet in excess of existing construction. In the absence of a surge in absorption, an event that is unlikely in light of the unusually strong gains in business service employment that almost certainly cannot be sustained, an overbuilding problem may develop in the suburban markets by the end of 1985.

The Adams/Cates Index of Business Park Space also shows a declining trend. In the last year, space absorption has exceeded space development by more than 500,000 square feet. There has not yet been a substantial acceleration of park development. Therefore, business park developments may remain in adequate to slightly tight supply through 1985.

In one construction area, however, Atlanta is approaching a shortage. According to the Coldwell Banker Industrial Vacancy Index, vacancy rates in the Atlanta metropolitan area have fallen to 0.8%, the lowest level since Coldwell Banker began surveying Atlanta. This compares with a 4.8% vacant rate for the nation as a whole. The Adams/Cates estimates also confirm that warehousing and manufacturing space is becoming tight in Atlanta. That space has now fallen by more than a million square feet of availability in the last year. Given the dramatic increase in distribution and warehousing activity that has developed in the Atlanta economy in recent months, further significant declines should be expected.

When the total construction picture is combined, the degree of employment weakness in the construction industry in Atlanta should not be substantial in 1985. However, construction should be shifting from residential to industrial activity to insure a continuation of balanced growth.

Mortgage lending institutions in Atlanta showed even a stronger rebound in regulatory net worth than their Georgia peers, gaining 21.2% in that category. Of course, the Atlanta institutions had been showing considerably greater weakness before the latest quarter, and the infusion of equity capital into one of the large institutions clearly was a major factor in adding to that institution's performance. Savings capital continues to show minimal gains, growing only 0.7% in the most recent 3-month period. This probably explains why mortgage lending institutions are only grudgingly supporting mortgage commitments. Commitments increased, but by only 9.8% during the winter.

Consumer support for the Atlanta economy has slowly been receding in recent weeks. The latest GSU retail surveys show a 4-week increase of 21.5% from year-ago levels, but this period includes Easter sales while the previous one largely did not. In the post-Easter week, retail sales were a scant 3% above previous year levels. Thus, an anticipated slowing in consumer support for the Atlanta economy may have begun. The taxable sales figures, which are only now available for the fourth quarter, continue to show consumer strength. During that quarter, taxable sales in metropolitan Atlanta were 15.8% above previous year levels, two percentage points better than in the state. Sales growth remained largely unchanged in Cherokee (18.1% v. 18.3%), Clayton (18.2% above previous year levels in both quarters), and DeKalb (14.8% v. 13.6% in the previous quarter). Growth accelerated in Cobb, (20.8% v. 18.8%), Gwinnett (32.3% v. 29.0%), and especially Fulton (12.1% v. 8.5%). The improvement in Fulton increased its concentration of total taxable sales in the metropolitan area to 41.2% in the fourth quarter. The feared sales dislocation as a result of the local option sales tax certainly appears to have been extremely minor.

Although the Atlanta outlook continues to be extremely favorable, the overhang of residential property and the developing excesses in retail trade employment could provide some unpleasant surprises in the latter part of 1985. Fortunately, substantial gains in transportation equipment will significantly add to manufacturing payrolls. Atlanta also appears to be an especially attractive area for new financial institutions. It is possible that the employment gains estimated for that sector will continue to outperform our projections, although real estate employment probably will be suffering a decline in 1985. Finally, current rapid growth in business services has been assumed to slow moderately. If those services reflect only a one-time surge, then slowing could be more substantial. However, business services have also increased sharply in the national economy. Thus, the expansion in Atlanta may only reflect a shift in the composition of employment in the national labor market. Under those circumstances, employment in the services industries could actually expand above projections.

With several cross-currents possible in the Atlanta outlook, we feel comfortable in our employment projections of a slight acceleration in job growth during 1984 followed by some slowing in the rate of improvement during 1985, but no significant economic slide.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1984

Table 1

Georgia Wage & Salary Employment for 1982 and 1983 with Forecasts for 1984 and 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Mining	7.4	7.3	7.8	7.9	-3.9	-1.4	6.8	1.3
2. Construction	103.0	110.3	122.3	118.7	-1.2	7.1	10.9	-2.9
3. Manufacturing	500.3	508.7	530.6	540.0	-4.6	1.7	4.3	1.8
Durables	178.6	184.2	197.4	203.9	-4.0	3.1	7.2	3.3
Lumber	27.8	30.4	32.3	31.6	-3.1	9.4	6.3	-2.2
Furniture	9.5	9.8	10.0	10.0	2.2	3.2	2.0	0.0
Stone, Clay, Glass	16.3	17.1	17.3	17.0	-5.8	4.9	1.2	-1.7
Primary Metals	16.1	15.0	15.7	15.9	-8.5	-6.8	4.7	1.3
Fabricated Metals	18.1	19.2	20.5	21.1	-9.5	6.1	6.8	2.9
Nonelectrical Machinery	20.8	20.7	22.4	23.1	-9.6	-0.5	8.2	3.1
Electrical Machinery	23.4	24.9	27.2	28.6	2.2	6.4	9.2	5.1
Transportation Equipment	34.9	35.2	39.7	43.8	-3.1	0.9	12.8	10.3
Other Durables	11.6	11.9	12.3	12.8	2.7	2.6	3.4	4.1
Nondurables	321.7	324.4	333.2	336.1	-5.0	0.9	2.7	0.9
Food	58.3	58.3	59.0	59.6	-2.0	0.0	1.2	1.0
Textiles	102.2	103.1	106.3	106.1	-10.0	0.9	3.1	-0.2
Apparel	69.1	69.2	71.8	72.5	-4.0	0.1	3.8	1.0
Paper	27.7	27.9	28.5	28.9	-2.8	0.7	2.2	1.4
Printing	25.4	26.7	27.2	27.8	4.1	5.1	1.9	2.2
Chemicals	17.4	17.8	18.5	19.0	-0.6	2.3	3.9	2.7
Leather	2.2	2.0	2.0	2.0	-12.0	-9.1	0.0	0.0
Other Nondurables	19.4	19.5	19.9	20.2	-5.8	0.5	2.1	1.5
4. Transportation, Comm. & Utilities	146.4	147.5	152.9	155.3	1.0	0.8	3.7	1.6
5. Trade	520.0	545.8	574.6	592.3	1.6	5.0	5.3	3.3
Wholesale	162.8	168.1	175.9	179.7	0.5	3.3	4.6	2.2
Retail	357.2	377.6	398.7	413.6	2.1	5.7	5.6	3.7
6. Finance, Ins. & Real Estate	117.2	121.1	125.3	129.1	2.2	3.3	3.5	3.0
7. Services	373.2	394.4	413.6	431.5	3.8	5.7	4.9	4.3
8. Government	434.0	437.0	438.4	443.5	0.7	0.7	0.3	1.2
Federal	85.2	86.3	87.1	87.8	0.5	1.3	0.9	0.8
State & Local	348.8	350.8	351.3	355.7	0.7	0.6	0.1	1.3
Total Wage & Salary Employment	2201.5	2272.2	2365.5	2419.3	0.1	3.2	4.1	2.3

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Table 2 Georgia Personal Income for 1982 and 1983 with Forecasts for 1984 and 1985
(Millions of Dollars)

	1982	1983	1984	1985	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:								
1. Wage & Salary Income	35101	38615	42365	45682	7.3	10.0	9.7	7.8
2. Other Labor Income	3408	3954	4492	5068	12.4	16.0	13.6	12.8
3. Proprietors' Income	2652	3108	3699	3835	-1.9	17.2	19.0	3.7
Farm	556	525	713	677	-0.4	-5.6	35.8	-5.0
Nonfarm	2095	2583	2986	3158	-2.3	23.3	15.6	5.8
Labor & Proprietors' Income:								
1. Farm	777	763	962	945	4.3	-1.8	26.1	-1.8
2. Mining	162	184	216	239	3.2	13.6	17.4	10.6
3. Contract Construction	2156	2479	2862	2983	8.2	15.0	15.4	4.2
4. Manufacturing	9210	10293	11402	12279	2.2	11.8	10.8	7.7
Durables	3833	4373	5035	5498	2.7	14.1	15.1	9.2
Nondurables	5377	5920	6367	6781	1.9	10.1	7.6	6.5
5. Transportation & Utilities	4235	4647	5114	5498	9.2	9.7	10.0	7.5
6. Trade	7845	8751	9659	10549	6.9	11.5	10.4	9.2
Wholesale	3830	4269	4713	5128	8.0	11.5	10.4	8.8
Retail	4015	4482	4946	5421	5.9	11.6	10.4	9.6
7. Finance, Ins. & Real Estate	2348	2668	2965	3229	11.4	13.6	11.1	8.9
8. Services	6378	7252	8197	9046	9.8	13.7	13.0	10.4
9. Other Industries	143	168	180	191	2.9	17.5	7.1	6.1
10. Government	7909	8475	8999	9626	8.9	7.2	6.2	7.0
Federal Civilian	1958	2069	2189	2324	6.2	5.7	5.8	6.2
Federal Military	1240	1300	1386	1482	22.9	4.8	6.6	6.9
State & Local	4710	5106	5424	5820	6.8	8.4	6.2	7.3
Plus:								
Property Income	8054	8247	9047	10268	9.9	2.4	9.7	13.5
State U.I. Benefits	324	284	215	196	70.5	-12.3	-24.3	-8.8
Other Transfers	7115	7691	8365	9047	8.0	8.1	8.8	8.2
Residence Adjustment	-134	-163	-180	-196	-	-	-	-
Less: Social Ins. Contributions	2508	2791	3087	3510	9.4	11.3	10.6	13.7
Equals: Total Personal Income	54011	58944	64916	70390	7.7	9.1	10.1	8.4
Nonfarm Personal Income	53235	58182	63954	69445	7.7	9.3	9.9	8.6
% of U.S. Nonfarm	2.10	2.15	2.16	2.16	-	-	-	-

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Table 3 Atlanta MSA Wage and Salary Employment for 1982 and 1983 with Forecasts for 1984 and 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Contract Construction	44.5	50.5	57.0	55.7	-2.0	13.5	12.9	-2.3
2. Manufacturing	143.1	145.7	153.2	161.2	-3.1	1.8	5.1	5.2
Durables	72.6	74.2	80.4	87.2	-3.1	2.2	8.4	8.5
Lumber	2.7	3.0	3.0	2.9	-6.9	11.1	0.0	-3.3
Furniture	3.7	3.9	4.1	4.1	-2.6	5.4	5.1	0.0
Stone, Clay, Glass	6.8	7.8	8.2	8.1	-6.8	14.7	5.1	-1.2
Primary Metals	5.3	4.5	5.1	5.3	1.9	-15.1	13.3	3.9
Fabricated Metals	7.4	8.3	9.0	9.4	-6.3	12.2	8.4	4.4
Nonelectrical Machinery	7.7	7.7	8.1	8.5	-7.2	0.0	5.2	4.9
Electrical Machinery	11.8	11.8	12.1	12.6	3.5	0.0	2.5	4.1
Transportation Equipment	22.4	22.2	25.4	30.6	-7.8	-0.9	14.4	20.5
Other Durables	4.8	5.0	5.4	5.7	20.0	4.2	8.0	5.6
Nondurables	70.5	71.5	72.8	74.0	-3.2	1.4	1.8	1.6
Food	19.0	19.3	19.4	19.6	-1.0	1.6	0.5	1.0
Textiles	4.8	4.2	4.0	3.9	-22.6	-12.5	-4.8	-2.5
Apparel	8.8	9.0	9.3	9.5	-5.4	2.3	3.3	2.2
Paper	7.7	8.1	8.2	8.4	-6.1	5.2	1.2	2.4
Printing	16.4	16.9	17.4	17.8	2.5	3.0	3.0	2.3
Chemicals	7.7	7.8	8.1	8.3	0.0	1.3	3.8	2.5
Other Nondurables	6.3	6.2	6.4	6.5	0.0	-1.6	3.2	1.6
3. Transportation, Comm. & Utilities	91.8	92.0	95.3	97.8	2.2	0.2	3.6	2.6
4. Trade	280.4	297.2	313.6	326.3	2.5	6.0	5.5	4.0
Wholesale	105.8	110.3	113.8	115.9	0.9	4.3	3.2	1.8
Retail	174.5	186.9	199.8	210.4	3.4	7.1	6.9	5.3
5. Finance, Ins. and Real Estate	71.6	75.4	77.6	79.9	4.2	5.3	2.9	3.0
6. Services	215.8	230.2	243.3	253.9	3.7	6.7	5.7	4.4
7. Government	163.1	165.1	165.4	168.1	0.2	1.2	0.2	1.6
Federal	33.9	33.9	34.3	34.7	-1.2	0.0	1.2	1.2
State & Local	129.3	131.2	131.1	133.4	0.6	1.5	-0.1	1.8
Total Wage & Salary Employment	1010.2	1056.2	1105.4	1142.9	1.4	4.6	4.7	3.4

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Table 4 Atlanta MSA Personal Income for 1981 with Estimates for 1982 and 1983 and Forecasts for 1984 and 1985
(Millions of Dollars)

	1981	1982	1983	1984	1985	80-81	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:										
1. Wage & Salary Income	16669	18023	20065	22126	24152	12.4	8.1	11.3	10.3	9.2
2. Other Labor Income	1515	1709	1989	2252	2544	12.2	12.8	16.4	13.2	13.0
3. Proprietors' Income	1085	1078	1334	1596	1692	3.2	-0.6	23.7	19.6	6.0
Farm	36	34	31	41	39	72.7	-5.6	-8.8	32.3	-4.9
Nonfarm	1049	1044	1303	1555	1653	1.9	-0.5	24.8	19.4	6.3
Labor & Proprietors' Income:										
1. Farm	46	45	43	55	54	47.9	-2.2	-4.4	27.9	-1.8
2. Mining	20	20	21	22	24	13.0	0.0	5.0	4.8	9.1
3. Contract Construction	991	1064	1292	1517	1590	3.4	7.4	21.4	17.4	4.8
4. Manufacturing	3147	3262	3654	4106	4581	12.4	3.7	12.0	12.4	11.5
Durables	1820	1886	2132	2482	2840	13.5	3.6	13.2	16.3	14.4
Nondurables	1327	1376	1522	1624	1741	10.9	3.7	10.6	6.7	7.2
5. Transportation & Utilities	2604	2875	3136	3447	3740	14.2	10.4	9.1	9.9	8.5
6. Trade	4679	5048	5690	6267	6868	11.0	7.9	12.7	10.1	9.6
Wholesale	2705	2932	3299	3596	3898	11.8	8.4	12.5	9.0	8.4
Retail	1974	2116	2391	2671	2970	9.9	7.2	13.0	11.7	11.2
7. Finance, Ins. & Real Estate	1404	1592	1841	2034	2215	9.3	13.4	15.6	10.5	8.9
8. Services	3583	3931	4508	5130	5669	13.8	9.7	14.7	13.8	10.5
9. Other Industries	35	37	42	45	49	5.7	5.7	13.5	7.1	6.7
10. Government	2761	2936	3161	3351	3599	12.1	6.3	7.7	6.0	7.4
Federal Civilian	810	846	884	938	999	7.4	4.5	4.4	6.1	6.6
Federal Military	99	114	117	124	132	13.4	15.2	2.6	6.0	6.5
State & Local	1852	1976	2160	2289	2468	14.3	6.7	9.3	6.0	7.8
Plus:										
Property Income	3227	3569	3701	4068	4629	20.4	10.6	3.7	9.9	13.8
Transfer Payments	2236	2446	2622	2814	3025	12.7	9.4	7.2	7.3	7.5
Residence Adjustment	-622	-643	-689	-706	-724	-	-	-	-	-
Less: Social Ins. Contributions	1182	1303	1467	1631	1877	20.8	10.2	12.6	11.2	15.1
Equals: Total Personal Income	22928	24879	27555	30519	33441	12.6	8.5	10.8	10.8	9.6
Nonfarm Personal Income	22882	24834	27512	30464	33387	12.6	8.5	10.8	10.7	9.6
% of Georgia Nonfarm	46.67	46.65	47.29	47.63	48.08	-	-	-	-	-
Population (#,Thousands)*	2190	2243	2296	2355	2415	2.43	2.42	2.36	2.55	2.58

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	83-1	83-2	83-3	83-4(r)	84-1(p)	Mar(p)	83-1	83-2	83-3	83-4(r)	84-1(p)	Mar(p)
Total	2226.7	2258.8	2285.8	2316.2	2349.0	2358.0	1032.3	1050.6	1061.1	1080.3	1099.3	1098.3
Mining	7.2	7.2	7.4	7.5	7.8	7.9	-	-	-	-		-
Contract Construction	103.6	107.7	113.1	116.3	122.8	125.6	46.5	48.6	51.4	55.5	57.1	55.9
Manufacturing	498.5	505.1	511.5	519.5	528.0	527.1	143.9	145.0	145.7	148.4	151.9	150.8
Durables	179.4	182.6	185.5	189.4	196.0	195.9	73.1	73.6	74.0	76.4	79.5	78.9
Lumber	29.4	30.1	30.8	31.3	32.1	32.3	3.0	3.0	3.0	3.0	3.0	2.9
Furniture	9.7	9.8	9.9	9.9	10.0	10.0	3.9	3.9	3.9	4.1	4.2	4.1
Stone, Clay, Glass	16.9	17.0	17.1	17.5	17.4	17.3	7.6	7.7	7.9	8.1	8.2	8.1
Primary Metals	15.2	14.9	14.3	15.5	15.6	15.6	4.7	4.5	3.8	4.9	5.1	5.1
Fabricated Metals	18.2	19.1	19.6	19.8	20.5	20.3	7.5	8.3	8.5	8.9	8.9	8.8
Nonelectrical Machinery	20.0	20.4	20.9	21.6	22.2	22.4	7.4	7.6	7.8	7.9	7.8	8.1
Electrical Machinery	23.4	24.7	25.4	26.0	26.8	27.2	11.6	11.8	11.9	11.8	12.0	11.8
Transportation Equipment	34.8	34.8	35.6	35.7	39.2	38.6	22.4	21.8	22.1	22.5	25.0	24.6
Other Durables	11.8	11.8	11.9	12.1	12.2	12.2	5.0	5.0	5.1	5.2	5.3	5.4
Nondurables	319.1	322.5	326.0	330.1	332.0	331.2	70.8	71.4	71.7	72.0	72.4	71.9
Food	57.6	58.1	58.4	58.9	58.2	58.1	19.3	19.3	19.3	19.4	19.3	19.1
Textiles	100.7	102.0	104.1	105.4	106.3	106.1	4.1	4.3	4.2	4.0	4.0	4.0
Apparel	68.4	68.8	69.3	70.4	71.8	71.6	9.0	9.0	9.1	9.0	9.3	9.2
Paper	27.8	27.8	27.9	28.1	28.5	28.3	7.8	8.1	8.2	8.2	8.2	8.2
Printing	26.1	26.9	26.9	27.0	27.2	27.1	16.5	17.0	17.0	17.2	17.3	17.2
Chemicals	17.4	17.7	17.9	18.2	18.5	18.4	7.8	7.7	7.7	7.8	8.0	7.9
Leather	2.0	2.0	1.9	2.0	2.0	2.1	-	-	-	-		-
Other Nondurables	19.1	19.2	19.6	20.1	19.5	19.5	6.3	6.1	6.2	6.4	6.3	6.3
Transportation, Comm. & Util.	146.2	147.5	145.8	150.5	152.0	152.5	91.2	92.6	90.4	94.0	95.1	95.0
Trade	532.1	541.2	550.5	559.0	570.1	574.9	290.0	295.0	299.8	303.9	312.0	312.9
Wholesale	164.6	166.7	169.1	172.2	175.3	175.9	107.7	109.7	111.4	112.4	113.1	113.8
Retail	367.5	374.5	381.4	386.8	394.8	399.0	182.3	185.3	188.4	191.5	198.9	199.1
Finance, Ins. & Real Estate	119.5	120.7	121.4	122.8	124.7	125.3	74.6	75.1	75.5	76.2	77.1	77.6
Services	384.0	391.2	398.1	404.1	409.0	410.7	222.0	228.9	232.4	237.2	241.5	241.8
Government	435.6	438.2	438.0	436.5	434.6	434.0	164.1	165.4	165.9	165.1	164.6	164.3
Federal	85.9	85.8	86.4	87.1	87.1	87.1	33.7	33.7	34.0	34.4	34.3	34.3
State & Local	349.7	352.4	351.6	349.4	347.5	346.9	130.5	131.6	131.9	130.7	130.3	130.0

p = preliminary
r = revised

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Table 6 Metro Atlanta Housing Permits for 1982 and 1983 with Forecasts for 1984 and 1985

	1982		1983		1984		1985	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1172	14	1360	25	1220	30
Clayton	642	28	1269	6	1140	550	1020	300
Cobb	3337	824	5986	4243	6020	2420	5560	2660
DeKalb	2023	1107	3119	4371	3200	2280	2930	2500
Douglas	307	4	658	6	650	20	630	30
Forsyth	277	30	463	14	540	20	550	30
Fulton	2175	2601	3748	3321	2920	4690	2860	3160
Gwinnett	3686	1523	5980	3226	6050	3340	5830	2740
Henry	334	10	602	18	660	20	630	30
Rockdale	261	138	437	144	530	100	480	130
Total	13936	6265	23434	15363	23070	13465	21710	11610
% Change From Previous Year	+37.7	+10.9	+65.1	+111.3	-1.6	-12.4	-5.9	-13.8
% Change in Total (single + multi)	+28.0		+79.5		-5.8		-8.8	

Note:
The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category.

Source: Homebuilders Association of Metro Atlanta

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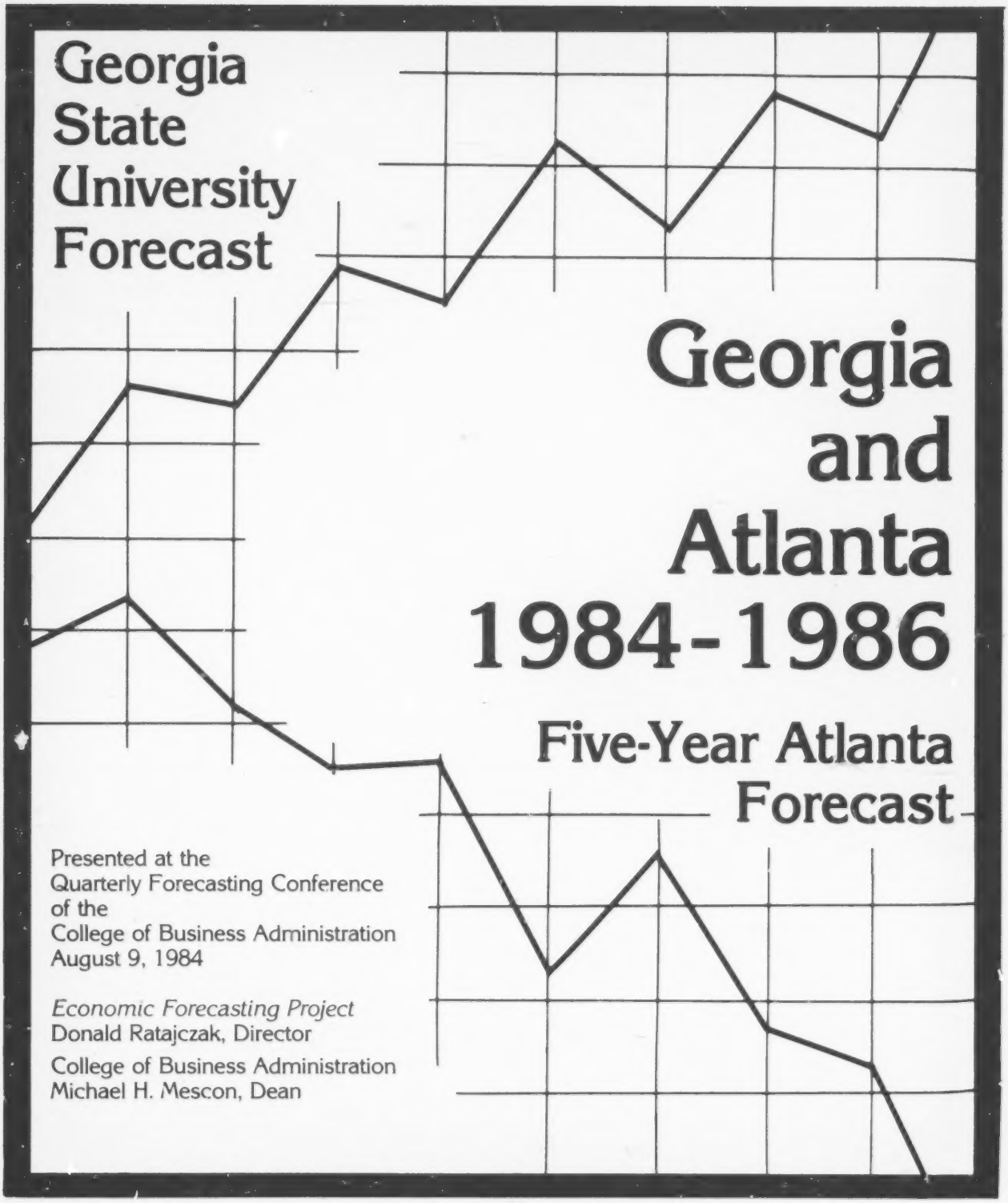

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Economic Forecasting Project
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College of Business Administration
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GEORGIA BOOM SLOWING TO MORE SUSTAINABLE GROWTH

Dr. Donald Ratajczak
Director
Economic Forecasting Project
Georgia State University

Recent Activity

In the past year, nonfarm personal income in Georgia increased 10.8%, 1.6 percentage points faster than in the United States. As the CPI for Atlanta was increasing 0.3 percentage points more slowly than nationwide, this rapid increase in personal income indicates that real economic activity in Georgia expanded about two percentage points more rapidly than the vigorous rate of economic growth recorded nationwide. According to the Georgia coincident indicators, the Georgia economy expanded at an inflation-adjusted 10.0% from the first quarter of 1983 to the first quarter of 1984. Nationwide, the rate of expansion was an inflation-adjusted 8.0%. In the first quarter, however, nonfarm personal income growth in Georgia increased only 2.4%, the same rate as nationwide. Once again, this apparent slowing in relative growth in Georgia appears to be confirmed by the coincident indicators. The Georgia indicators suggest that the Georgia economy expanded 9.0% in the first quarter as compared to a slightly greater 10.1% for the nation. Most of the slowing in income growth during the winter months occurred in manufacturing, where wage and salary disbursements expanded 1.7% in Georgia as compared to 3.3% nationwide. Government payrolls also grew more slowly in Georgia, showing an increase of 1.7% as compared to 2.1% for the nation. Construction, on the hand, continued to boom in Georgia. Construction wage and salary disbursements increased a strong 4.1% in the winter months, far outdistancing the 2.9% gain for the nation. While Georgia's growth in nonfarm income ranked seventh for the past year through the first quarter of 1984, Georgia ranked only twenty-eighth for the first quarter itself. Moreover, farm income grew more slowly in Georgia than in the nation.

According to the coincident indicators, more rapid growth in the Georgia economy reappeared in the second quarter, when the state's economy expanded at an annual rate of 10.2%. Nationwide, the estimated second quarter expansion was 7.5%. The Georgia farm economy turned weak in June following significant gains early in the year. Until June, poultry producers were experiencing unusually favorable profit conditions. Excluding this modest downturn in agriculture, all other Georgia indicators continued to exhibit considerable strength. Corporate profitability grew at a diminished rate, but bank activity remained very strong. Georgia's insured unemployment rate continued to fall significantly in June. The index of hours worked continued to grow near normal rates. This index suggests that productivity in Georgia expanded nearly five percent in the second quarter as compared to a gain of slightly less than three percent nationwide. During the first quarter, however, productivity gains were less than two percent in Georgia.

Because of weakness in the farm economy and a slowing in the growth of corporate profitability, the Georgia coincident indicators began to grow more slowly in June. This probably is in response to a substantial slowing in Georgia's leading indicators between February and May, when the indicators

expanded an average of only two-thirds normal. In June, however, the Georgia leading indicators spurted sharply, expanding 0.9% even as the leading indicators nationwide declined by 0.9%. Indeed, the ratio of leading to coincident indicators increased in June after four months of decline. This especially long leading measure of economic conditions in Georgia still suggests that the Georgia economy will grow much more slowly late in 1984. However, acceleration in Georgia's leading indicators during June indicates that the degree of moderation will not be substantial. In effect, Georgia will be slowing from a boom to a more sustainable long-term rate of growth.

Consumer spending has been unusually strong in recent months, fueling most of the dramatic gains in the leading indicators. Also, initial unemployment claims after adjustment fell in Georgia even as they were rising nationwide during June. Total state revenues and residential permits also moved strongly ahead. Revenue growth has been sufficiently strong to eliminate any budgetary restraints from next year's budgetary outlays. Thus, government payrolls probably will not continue to trail national performance in 1985. The only negative factor developing at the present time is weakness in the manufacturing workweek. This weakness surfaced in April and has not yet been reversed. As a result, the manufacturing sector of the Georgia economy probably will experience only limited growth in the second half of 1984.

According to the seasonally adjusted payroll employment estimates contained in Table 5, payrolls in Georgia expanded at an annual rate of 5.6% in the second quarter, more vigorous than the 4.0% nationwide. This result is slightly misleading, however, as the workweek expanded in Georgia during the first quarter and then declined in the spring. Apparently, many producers initially did not believe that strong orders could be sustained and met these needs during the winter with overtime hours. In the spring, however, hours were reduced as more people were added to the workforce. Employment growth now should slow in the summer months.

Employment growth was especially vigorous in contract construction, durable manufacturing, retail and wholesale trade, and the service sector. At the present time, retail employment is growing at an annual rate of eight percent, but taxable sales in the first quarter expanded 15.2% over previous year levels. Moreover, prices of taxable items were increasing less than four percent, suggesting that the volume of sales is in double-digit territory. Obviously, consumer activity cannot sustain this rate of growth indefinitely. Therefore, retail trade cannot continue to add to its payrolls at the vigorous rates of the first half of 1984. Nevertheless, the vigorous expansion in retail activity merely reflects expansion in consumer spending. No significant reductions in employment will be needed to remove employment excesses.

Growth was much slower in the transportation services sector, which now is expanding by less than would be predicted by growth in goods production. If so, more significant growth in transportation services should occur during the second half of 1984. Financial and real estate sectors also exhibited slow growth. Real estate sales are beginning to diminish, suggesting that contract construction employment cannot be sustained at current rates. Also, consolidation in the financial services sector has slowed employment growth in that area. When this consolidation is completed, more significant growth should be observed in financial services employment.

Within manufacturing, growth was surprisingly strong for lumber products. Mills must be adding to inventory at the present time, especially as prices are

beginning to fall. Moreover, housing activity probably will slow in the second half of 1984. Thus, the strength in lumber employment cannot be sustained under current conditions. Primary metals also are expanding sharply. This probably reflects an increase in the share of national activity received by local producers, which typically are lower cost suppliers than the national producers. The machinery industries also are expanding rapidly, reflecting a significant surge in capital spending nationwide. This activity should be sustained well into 1985. Similarly, the transportation equipment sector is showing a rebound in automobile activity and is beginning to reflect expansion in aircraft activity. Further growth is anticipated in the transportation sector into 1985, although a strike probably will cause a reduction in that sector during the fall.

One area of concern at the present time is nondurable manufacturing. Food processing apparently is declining in the state as reflected in declining employment. Activity in the textile industry continues to advance modestly, but a correction in carpet and other production is anticipated before the end of this year. A boom in apparel sales has been supporting apparel producers in Georgia. However, consumers soon will be moderating their purchasing activity. The paper industry simply has not performed as well in Georgia as in other parts of the United States. Some bag producing facilities have been closed and no further expansions have been announced. Growth is now expected to resume in that industry but from more moderate employment levels than previously existed. In general, little further growth is expected in the payrolls of nondurable manufacturing. Because of this significant slowing in an important manufacturing sector, it appears that Georgia already has experienced its strongest growth in employment for this economic expansion. However, significant expansion still is possible in durable manufacturing, transportation services, and financial services. In addition, the trade sector should continue to expand, although at reduced rates. In 1985, government payrolls probably will resume some expansion, as growing revenues reduce budgetary restraints. Except for some areas of construction, no signs of excesses appear in the Georgia economy.

The insured unemployment rate in Atlanta reached 1.1% during June. This is only marginally above the 1.0% in that rate considered to be consistent with sustainably high levels of employment. Therefore, no further significant declines in the Atlanta unemployment rate from the 5.1% registered in June now are anticipated. While some further reductions in Georgia's unemployment rate from 6.1% in June could develop, the absence of further improvement in the Atlanta area should mean very modest further declines in unemployment rates statewide. Georgia's unemployment rate should average 6.3% for 1984, declining slightly to 6.0% in 1985. A modest increase to about 6.2% then is anticipated in 1986. Although the unemployment rate during the past year has improved 1.5 percentage points in Georgia as compared with 2.7 percentage points nationwide, where the rate fell to 7.4% before seasonal adjustment in June, the gap in unemployment rates should continue to narrow. In June, the insured unemployment rate in Georgia was 1.5%, more than a percentage point below the 2.7% for the nation. Unemployment in the Athens MSA was 5.2% in June, unchanged from March. Unemployment rates hovered between 7.0% and 7.2% for Augusta, Macon, and Savannah. For Macon, these levels reflected only a gradually downward drift from a year ago. The improvement was slightly more significant in Savannah, while the gains in Augusta were very substantial. Unemployment also declined significantly in Albany, but the rate remained a high 8.5% in June, down from 10.4% in the previous year. A surge in the labor force caused unemployment to

climb from 8.8% a year ago to 9.3% in Columbus, despite a strong 3.9% gain in employment over that time. Because of the proximity of the Columbus economy to high unemployment areas in Alabama, any substantial increases in employment opportunities probably will continue to be met by substantial increases in the labor force.

As mentioned above, inflation in the Atlanta area is slightly below national rates, at 3.9% over the past year. During the past two months, however, inflation expanded 0.9% in Atlanta, while it increased only 0.6% nationwide. Over the year, Atlanta has experienced higher inflation for utilities (9.7% vs. 4.4%), apparel (1.9% vs. 0.9%), Public transportation (7.7% vs 6.6%), and entertainment (5.4% vs. 3.7%). However, prices have trailed those in the nation for grocery items (2.3% vs. 3.0%), renter's cost (4.9% vs. 5.6%), homeowner's cost (2.2% vs. 4.5%), private transportation (3.5% vs. 4.9%), and medical care (4.7% vs. 6.4%). Although housing costs have increased more slowly over the past year, renter's costs increased twice as rapidly as in the nation during the past two months. Homeowner's costs also expanded more rapidly than nationwide. More rapid gains than nationwide also developed in recent months for medical care, public transportation, and utilities. Although Atlanta's more favorable improvement in grocery store prices will hold Atlanta CPI increases below national averages through the twelve months of 1984, at about 3.9%, prices probably will increase more rapidly in Atlanta than nationwide in 1985. At that time, the Atlanta CPI is expected to expand by 5.7%. The CPI should expand 6.0% in 1986, which is anticipated to be slightly less than national inflation rates. Slowing in housing costs once again will materialize in 1986 after that component shows substantial increases in 1985.

Georgia's thrift institutions experienced some good news and some bad news in the past quarter. Regulatory net worth continued to increase a strong 6.9% in the period. This compared favorably with gains of 3.3% for all southeastern institutions and a smaller 1.6% increase nationwide. However, savings capital continued to grow at miniscule rates in Georgia, expanding only 0.7% in the quarter. This compared unfavorably with gains of 2.1% for the region and 3.9% nationwide. Without additional deposit growth, permitting expansion of assets that can earn high yields, the Georgia institutions remain highly vulnerable to any increases in interest rates. Perhaps a failure to generate the appropriate deposit base has caused a reduction in the growth of mortgage commitments to only a 6.9% gain in Georgia. This compares with gains of 11.6% in the southeast and 22.8% nationwide. Georgia institutions must improve their net worth, as they apparently are doing in the early months of 1984, when an unusually large gap existed between short and long-term interest rates. However, they must also increase their deposit base so that a larger percentage of their portfolio can be based upon the high yields that mortgages have commanded in this decade.

During the spring, mortgages showed little change nationwide, with the effective rate rising only from 12.24% to 12.25%. This still is down 0.38 percentage points from previous year levels. The effective mortgage rate in Atlanta rose to 12.14% in the spring, but this was still a 0.89 percentage point decline from previous year levels. Thus, the cost of house financing in Atlanta remained more favorable than nationwide. Housing prices currently are $3000 above year ago levels nationwide, while an influx of lower priced houses led to a $6500 drop in the Atlanta price in the spring. Nevertheless, the index of homeowner's costs for Atlanta suggests that housing costs are beginning to rise in the metropolitan area. A bond market rally for long-term Treasury bonds will assure that the effective mortgage rate does not rise significantly for the

remainder of this year. While conventional rates will decline to 14% in the metropolitan area, the effective rate on adjustable rate instruments probably will decline below 12%. Rates then are expected to rise by 1 1/2 percentage points through the summer of 1985. This will have a significant effect upon slowing housing purchases. If interest rates decline late in 1985, as anticipated, mortgages could decline again to the vicinity of 12% in 1986.

Strong gains in the Georgia economy clearly are being reflected in tax collections. Revenues increased 15.5% during the spring quarter, with gains over previous year levels improving throughout the quarter. By July, when normal collections were compared with refund-distorted net collections in the previous year, receipts were an astounding 27.5% above previous year levels. Such strong gains should persist through the summer before a return to a more normal growth pattern develops in the fall. Nevertheless, a 15.5% increase in the spring continues an improvement from year ago levels of 14.3% in the winter, and 12.4%, 7.3%, and 9.3% in the previous quarter. This unusually strong ending to the fiscal year caused revenue collections to grow by 12.6%, more than a percentage point in excess of our 11.5% estimate and well above the 10.3% needed by the Governor to balance his current budget. Sales taxes almost certainly will grow at a reduced rate in the next fiscal year. In addition, motor fuel and corporate income probably will show slower rates of increase than in the current fiscal year. On the other hand, individual income tax collections are trailing levels that could be expected by current personal income growth. More rapid gains in collections should develop in fiscal year 1985. In addition, collections during the first three months of the current fiscal year should be surprisingly strong relative to previous year levels. For those reasons, tax collections should grow by more than 13.5% in the current fiscal year, well above the 9.1% required to balance the Governor's budget. Receipts will grow much more slowly in the subsequent year, but gains in excess of 10.5% are likely in that year as well. Strong gains in tax collections should be sufficient to meet budgetary needs, at least until receipts slow their rate of growth in fiscal year 1986. By that time, the state legislature may discover enough grit to increase the motor fuel tax, so that collections for highway repair and other transportation use begin to close the gap with repair and improvement expenditures that have developed since 1971, the last time that a motor fuels tax was changed.

Taxable sales continued to grow dramatically in the winter quarter, with increases of 15.2% from previous year levels. This was an increase from an already robust 13.8% gain in the fourth quarter, and was the strongest gain from previous year levels since the boom during the fourth quarter of 1977. Continuing favorable changes in federal tax rates indicates that the 10.8% gain in nonfarm personal income should be converted into a 13% increase in disposable income. There is more than a two percentage point discrepancy between the growth of taxable sales and the growth of household purchasing power in Georgia. About half of this more rapid gain can be explained by significant increases in taxable to nontaxable consumer spending. However, the consumer in Georgia appears to be dipping into savings in order to maintain very robust consumption schedules. Therefore, the growth of taxable sales should slow in the next fiscal year. This, in turn, will require a significant slowing in employment growth in the retail sector and some slowing in the growth of retail floor space.

If Georgians are reducing their savings levels, taxable sales clearly suggest that they became even more aggressive in pursuing consumption programs

during the spring. During that quarter, sales tax receipts were 19.2% above previous year levels. This compares with increases of 14.6%, 13.4%, 11.5%, and 11.8% in previous quarters. This far outdistances sales tax receipts at all state and local governments nationwide. In that group, increases were 11.2% in the latest quarter, following gains of 14.1%, 12.7%, 11.7%, and 10.9%. Obviously, sales tax receipts are growing much more sharply in Georgia relative to the nation than nonfarm personal income. Obviously, this discrepancy cannot be maintained indefinitely. For that reason, much slower gains in sales tax receipts should be anticipated in the next two fiscal years. Fortunately, more rapid increases in personal income tax collections should develop in those years. Collections remained relatively low at 11.1% over previous year levels in the spring. This compared with increases of 11.0%, 13.2%, 1.3%, and 14.1% in previous quarters. All state and local governments showed personal income tax collection gains of 12.6%, 15.2%, 16.0%, 13.7%, and 12.8% in comparable quarters. Obviously, this suggests that personal income is growing more slowly in Georgia, while all other indicators suggest that income is gaining relative to the U.S. Corporate profitability has begun to outperform the nation again, with tax accruals in the spring increasing 28.1%. This compares with increases of 49.9%, 25.6%, and 23.6% in previous quarters following declines of 1.4% and 0.9% in earlier quarters. All state and local governments are showing gains for corporate accruals of 23.1% following a 61.5% surge in the winter. Increases also were robust in previous quarters with gains of 39.5%, 25.0%, and 7.6% respectively.

Summary of Outlook

Economic growth continues to be strongly supported by employment gains in construction, durable manufacturing, especially the machinery and transportation sectors, trade, and services. Weakness is evident only in food processing and government payrolls. However, payrolls in nondurable manufacturing have experienced little growth since the beginning of this year. Growth also has been slowing surprisingly for transportation and financial services. In the latter instances, more rapid growth should be expected early in 1985.

Construction currently is becoming excessive for the degree of growth being experienced in Georgia. Both commercial and rental property construction appear to be excessive, although the degree of imbalance is not dramatic. If construction weakens later in 1984, as expected, weakness also should begin to develop in the building materials and housing related components of durable manufacturing. This explains the anticipated weakness in lumber, furniture, and the stone and clay group. In addition, a slowing in housing probably will restrain further growth in the carpet industry. With significant exposure to imports, the remaining textile groups will begin losing employment. Little further gains also would be expected in the apparel industry and the leather industry.

Partially offsetting the anticipated weakness in several nondurable goods industries, employment should continue to grow significantly in the machinery and transportation equipment industries. However, capital spending should slow dramatically later in 1985 and show only very modest growth in 1986. Despite this substantial slowing in the machinery sectors, enough employment opportunities will be created to provide increasing manufacturing jobs well into 1986.

Although rapid gains in retail employment appear to be unsustainable, expansion of taxable sales and sales tax collections suggest that retail activity has been sufficient to appropriately employ all those additional people. On the other hand, consumer activity cannot be sustained at the double-digit real rates that apparently developed in 1983 and early 1984. As a result, more moderate employment growth in the trade sector should be anticipated in the next two years.

Clearly, employment currently is growing far in excess of long-run sustainable rates. As unemployment in Georgia approaches full utilization of skilled workers, wage rates would be expected to intensify. This should reduce the relative competitiveness of Georgia manufacturing. Nevertheless, the outlook is not unfavorable. Georgia simply cannot be expected to create 115,000 additional jobs every year, even though it certainly will be creating that many jobs in 1984. Also, even sharp increases in construction activity do not place the concentration of construction substantially above sustainable levels. The 5.4% concentration of construction is consistent with a long-run employment growth path of 2.8%. As employment expanded well in excess of that rate during the first two years of recovery, any construction excesses will only begin to appear in 1985. No other sectors appear to be out of balance with the needs of the Georgia economy at the present time. Recessions are not likely to develop unless some economic excessives previously have arisen. No such economic excesses have developed in Georgia despite the vigor of economic activity during the past six quarters. Indeed, real output in Georgia probably will expand more than 9% in 1984 and continue to grow by nearly 5% in 1985 and by almost 4% in 1986.

Atlanta Boom Slows Only Slightly

Recent Activity and Outlook

Seasonally adjusted employment estimates in Table 5 show that employment in Atlanta increased at a 7.0% annual rate in the second quarter of 1984. Gains slowed for construction and manufacturing, although transportation equipment showed significant increases in June. Little growth occurred in the transportation services sector, while seasonally adjusted activity in the financial and real estate sectors appeared to decline. However, significant strength in trade, aided by expansion of wholesale activity, and in government payrolls were responsible for these gains. Both the significant increase in government payrolls and the slowing in the financial group are suspect. When more complete data becomes available, revisions in these groups may reduce total payroll employment gain by about 5,000. Nevertheless, economic activity in Atlanta remained vigorous in the spring quarter.

Two factors are responsible for the slowing in construction activity late in the second quarter. First, residential building began to grow more slowly as the quarter developed. Substantial housing inventory has arisen in the northern metro counties. While inventory ratios still are not troublesome, many builders are experiencing sufficient slowing in sales to create more than a six-month supply of single-family homes. On the other hand, vacancy rates of completed apartments have declined in the past year, according to some sources. Unfortunately, uncompleted units currently are so significant that their completion will once again cause vacancies to rise substantially.

If our housing estimates in Table 6 are correct, activity probably will be exceeding needs by 3,000 units in 1984. This is comparable to the rate at which

housing activity exceeded needs in 1983. Activity probably is most excessive in the rental market in Gwinnett County. The opening of Gwinnett Place has encouraged many developers to dramatically increase the density of housing surrounding that new shopping center. Ultimately, all those units will be occupied. However, construction clearly is exceeding absorption rates at the present time. Moreover, activity in Cobb County and North Fulton are so significant that competition for rental property will be unusually intense once all those units under construction are completed. Despite these building excesses at the present time, the degree of construction correction anticipated in 1985 is not dramatic.

In the latest Coldwell-Banker estimates of office vacancy in Atlanta, suburban vacancies are rising significantly. At the same time, vacancies in the downtown area are declining modestly. Both of these patterns are not surprising. What is surprising is the relationship of Atlanta office vacancies to those in the U.S. Downtown vacancies increased nationwide from 13.1% in March to 13.5% in June. At the same time, downtown vacancies in Atlanta declined from 14.7% to 14.5%. Suburban vacancies in the U.S. declined slightly to 18.1% while Atlanta's vacancy rates increased significantly to 11.5%. When the amount of space is combined nationwide and in Atlanta, office vacancies appear to be lower in Atlanta than in the nation. This is a surprising result, as Atlanta is a market that experiences relatively low leasing before completion. Indeed, even an acceleration in vacancies in the suburban Atlanta market kept that segment of this market second only to Washington, D.C. in the low level of vacancies that exists. Of course, this especially favorable outlook for Atlanta could be shattered by the volume of square footage anticipated to be developed in 1985. Absorption rates probably will approach 5.5 million square feet in 1984. If retail and service employment slow their rate of growth in 1985, as anticipated, absorption rates should decline to slightly less than 5 million square feet in that year. However, completions are expected to increase to more than 6 million square feet. Under those circumstances, office space will be overbuilt in the Atlanta area by early 1986. Nevertheless, the magnitude of excess should be much less than seems to be indicated by the downtown vacancy rates.

Industrial vacancies continue to decline nationwide, reaching 4.7% in June. Vacancies did not decline in the Atlanta area, for they already are at an unusually low 0.8%. No other area of the country surveyed by Coldwell-Banker experienced such a low industrial vacancy rate as Atlanta. Given these unusually low rates of unleased space, industrial construction in the Atlanta area can intensify through 1985. Of course, some danger of actually becoming excessive in 1986 still must be considered. On balance, however, construction excesses in the Atlanta area are surprisingly low considering the magnitude of construction employment growth in the past year.

Of course, the reason for no excesses in the construction industry is the rapid boom developing in other areas. If the 7.1% increase in retail employment during 1983 appeared excessive, then the 9.1% gain currently projected for 1984 must be outrageous. However, rapid increases also developed for payrolls in durable manufacturing, and in services. Indeed, this rapid expansion in wages and a relatively modest gain in inflation means that real purchasing power in the Atlanta area has been growing about 8.5%. Only a few conventioneers would be necessary to justify the 9.1% gain in retail employment.

Obviously, these rapid rates of increase cannot persist indefinitely into the future. Accelerating inflation, the absence of any further tax reductions,

and decelerating growth in employment should slow real purchasing power to gains of less than 5% in 1985 and 4.5% in 1986. We are currently projecting slightly faster gains in retail employment than would be consistent with those increases in purchasing power. However, such gains can be justified if sufficient external sources of purchasing power continue to develop. In addition, employment in the services industry may not slow as much as currently projected. In 1984, services created more than 20,000 additional jobs in the Atlanta metropolitan area. An additional 16,000 jobs are expected in that one sector in 1985. Indeed, service employment probably is as significant in generating economic growth in the Atlanta area as the 1984 spurt in manufacturing payrolls.

The Atlanta boom has not incorporated all sectors of the economy. Regulatory net worth in the thrift industry showed no increase in the latest quarter, a significant deviation from the 6.9% gains throughout the state. Indeed, savings capital actually fell by 0.3%. Mortgage commitments are expanding by 18.9% in the latest quarter, but much more substantial improvement in the balance sheets, along with significant deposit growth, is necessary to restore health to Atlanta's thrift institutions.

Taxable sales in Atlanta continued to grow more rapidly than in the state, but the differential growth was only 0.8 percentage points in the first quarter. However, Atlanta maintained its rate of sales tax growth while the rest of the state decided to join the consumer boom. Sales tax increases were greater than 20% from previous year levels in Clayton (21.1%), Cobb (21.2%), Douglas (25.9%), Fayette (24.2%), Gwinnett (30.7%), and Rockdale (25.6%). Only DeKalb showed any significant slowing from growth rates in previous quarters. Taxable sales grew only 13.3% in Fulton County, but this was up from a 12.1% rate of gain in the previous quarter. Although the Atlanta metropolitan area has experienced larger increases in sales tax collection, never have the increases been this large with inflation rates less than 4%. Indeed, adjusted for inflation, retail activity probably is expanding at its most rapid rate of growth since the booming 1960's, when Atlanta was a much smaller metropolitan area. As in the state, sales cannot be sustained at this level indefinitely. Indeed, the GSU survey of department store sales shows definite slowing from previous year levels in recent weeks. In the latest month, department store sales were only 15% above previous year levels. As a result, a definite slowing in sales activity should develop later in 1984. Nevertheless, rapid increases in construction of retail space and in retail employment appear to be fully justified by the current level of consumer activity in the Atlanta market. When growth in those sales slows, employment gains will slow in the Atlanta area. No excesses appear to require downward adjustments in employment or construction activity at the present time.

Because construction already is adjusting to slower housing sales, the degree of falloff in construction activity in 1985 is not expected to be substantial. At the same time, rapid employment increases in transportation equipment are assured into 1986 as a result of the C5-B program. In addition, employment in the service industry should continue to grow dramatically. All these factors are even more favorable than in the Georgia economy. Thus, the Atlanta boom, which currently is creating 6.2% gains in employment, should slow to a more sustainable employment growth slightly above 3%. These employment gains should be sufficient to preserve enough inmigration to sustain population gains at 2.5%. By 1985, the Atlanta metropolitan area as measured by nonfarm personal income will exceed 50% of the Georgia economy. Moreover, sufficient engines of growth will be available to sustain more rapid growth in the Atlanta area in 1986.

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Table 1

Georgia Wage & Salary Employment for 1983 with Forecasts for 1984 through 1986
(Thousands)

Industry	1983	1984	1985	1986	82-83	83-84	84-85	85-86
1. Mining	7.3	7.9	8.0	8.0	-1.4	8.2	1.3	0.0
2. Construction	110.3	128.6	125.3	127.2	7.1	16.6	-2.6	1.5
3. Manufacturing	508.7	531.4	538.7	545.0	1.7	4.5	1.4	1.2
Durables	184.2	199.7	206.0	211.6	3.1	8.4	3.2	2.7
Lumber	30.4	32.6	32.0	32.9	9.4	7.2	-1.8	2.8
Furniture	9.8	10.0	9.9	10.1	3.2	2.0	-0.9	2.0
Stone, Clay, Glass	17.1	17.5	17.5	17.7	4.9	2.3	0.0	1.1
Primary Metals	15.0	15.9	16.1	16.4	-6.8	6.0	1.3	1.9
Fabricated Metals	19.2	20.2	20.3	20.8	6.1	5.2	0.5	2.5
Nonelectrical Machinery	20.7	22.9	23.5	23.7	-0.5	10.6	2.6	0.9
Electrical Machinery	24.9	27.7	29.2	30.0	6.4	11.2	5.4	2.7
Transportation Equipment	35.2	40.3	44.3	46.2	0.9	14.5	9.9	4.3
Other Durables	11.9	12.6	13.2	13.8	2.6	5.9	4.8	4.5
Nondurables	324.4	331.7	332.7	333.4	0.9	2.3	0.3	0.2
Food	58.3	57.6	58.1	58.5	0.0	-1.2	0.9	0.7
Textiles	103.1	106.6	105.7	105.5	0.9	3.4	-0.8	-0.2
Apparel	69.2	71.9	72.4	72.6	0.1	3.9	0.7	0.3
Paper	27.9	28.1	28.3	28.4	0.7	0.7	0.7	0.4
Printing	26.7	27.5	28.0	28.3	5.1	3.0	1.8	1.1
Chemicals	17.8	18.5	18.6	18.6	2.3	3.9	0.5	0.0
Leather	2.0	2.0	2.0	1.9	-9.1	0.0	0.0	-5.0
Other Nondurables	19.5	19.5	19.6	19.6	0.5	0.0	0.5	0.0
4. Transportation, Comm. & Utilities	147.5	152.5	154.3	157.4	0.8	3.4	1.2	2.0
5. Trade	545.8	585.3	611.5	634.0	5.0	7.2	4.5	3.7
Wholesale	168.1	179.2	184.8	189.2	3.3	6.6	3.1	2.4
Retail	377.6	406.1	426.7	444.8	5.7	7.5	5.1	4.2
6. Finance, Ins. & Real Estate	121.1	126.2	129.8	132.0	3.3	4.2	2.9	1.7
7. Services	394.4	419.7	441.5	462.6	5.7	6.4	5.2	4.8
8. Government	437.0	435.6	440.4	441.9	0.7	-0.3	1.1	0.3
Federal	86.3	86.0	86.2	86.3	1.3	-0.3	0.2	0.1
State & Local	350.8	349.6	354.2	355.6	0.6	-0.3	1.3	0.4
Total Wage & Salary Employment	2272.2	2387.2	2449.5	2508.1	3.2	5.1	2.6	2.4

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Table 2 Georgia Personal Income for 1983 with Forecasts for 1984 through 1986
(Millions of Dollars)

	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:								
1. Wage & Salary Income	38615	42023	45521	49662	10.0	8.8	8.3	9.1
2. Other Labor Income	3954	4501	4993	5508	16.0	13.8	10.9	10.3
3. Proprietors' Income	3108	3869	4159	4458	17.2	24.5	7.5	7.2
Farm	525	672	697	730	-5.6	28.0	3.7	4.7
Nonfarm	2583	3197	3462	3728	23.3	23.8	8.3	7.7
Labor & Proprietors' Income:								
1. Farm	763	923	967	1020	-1.8	21.0	4.8	5.5
2. Mining	184	215	234	251	13.6	16.8	8.7	7.3
3. Contract Construction	2479	2862	2885	3052	15.0	15.4	0.8	5.8
4. Manufacturing	10293	11302	12108	13089	11.8	9.8	7.1	8.1
Durables	4373	4946	5396	5914	14.1	13.1	9.1	9.6
Nondurables	5970	6356	6712	7175	10.1	6.5	5.6	6.9
5. Transportation & Utilities	4647	5063	5483	5982	9.7	9.0	8.3	9.1
6. Trade	8751	9756	10673	11648	11.5	11.5	9.4	9.1
Wholesale	4269	4793	5268	5768	11.5	12.3	9.9	9.5
Retail	4482	4963	5405	5880	11.6	10.7	8.9	8.8
7. Finance, Ins. & Real Estate	2668	3012	3331	3671	13.6	12.9	10.6	10.2
8. Services	7252	8145	9188	10400	13.7	12.3	12.8	13.2
9. Other Industries	168	193	211	235	17.5	14.9	9.3	11.4
10. Government	8475	8922	9593	10280	7.2	5.3	7.5	7.2
Federal Civilian	2069	2146	2274	2413	5.7	3.7	6.0	6.1
Federal Military	1300	1389	1485	1601	4.8	6.8	6.9	7.8
State & Local	5106	5387	5834	6266	8.4	5.5	8.3	7.4
Plus:								
Property Income	8247	9273	10367	11352	2.4	12.4	11.8	9.5
State U.I. Benefits	284	176	162	193	-12.3	-38.0	-8.0	19.1
Other Transfers	7691	8216	8725	9362	8.1	6.8	6.2	7.3
Residence Adjustment	-134	-191	-207	-215	-	-	-	-
Less: Social Ins. Contributions	2791	3093	3505	3874	11.3	10.8	13.3	10.5
Equals: Total Personal Income	58944	64774	70215	76446	9.1	9.9	8.4	8.9
Nonfarm Personal Income	58181	63851	69248	75426	9.3	9.7	8.5	8.9
% of U.S. Nonfarm	2.15	2.14	2.14	2.15	-	-	-	-

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Table 3 Atlanta MSA Wage and Salary Employment for 1983 with Forecasts for 1984 through 1986
(Thousands)

Industry	1983	1984	1985	1986	82-83	83-84	84-85	85-86
1. Contract Construction	50.5	57.8	56.9	58.1	13.5	14.5	-1.6	2.1
2. Manufacturing	145.7	154.3	159.8	163.2	1.8	5.9	3.6	2.1
Durables	74.2	82.3	86.8	89.8	2.2	10.9	5.5	3.5
Lumber	3.0	2.9	2.8	2.9	11.1	-3.3	-3.4	3.6
Furniture	3.9	4.0	3.9	4.0	5.4	2.6	-2.5	2.6
Stone, Clay, Glass	7.8	8.5	8.5	8.6	14.7	6.4	2.4	1.2
Primary Metals	4.5	5.3	5.4	5.4	-15.1	17.8	1.9	0.0
Fabricated Metals	8.3	8.7	8.8	8.9	12.2	4.8	1.1	1.1
Nonelectrical Machinery	7.7	8.2	8.5	8.7	0.0	6.5	3.7	2.4
Electrical Machinery	11.8	12.3	12.6	12.9	0.0	4.2	2.4	2.4
Transportation Equipment	22.2	26.9	30.4	32.3	-0.9	21.2	13.0	6.3
Other Durables	5.0	5.7	5.9	6.1	4.2	14.0	3.5	3.4
Nondurables	71.5	72.0	73.0	73.4	1.4	0.7	1.4	0.5
Food	19.3	18.8	19.0	19.2	1.6	-2.6	1.1	1.1
Textiles	4.2	4.1	4.0	3.7	-12.5	-2.4	-2.4	-7.5
Apparel	9.0	9.2	9.3	9.3	2.3	2.2	1.1	0.0
Paper	8.1	8.2	8.3	8.3	5.2	1.2	1.2	0.0
Printing	16.9	17.2	17.5	17.8	3.0	1.8	1.7	1.7
Chemicals	7.8	8.1	8.3	8.4	1.3	3.8	2.5	1.2
Other Nondurables	6.2	6.4	6.6	6.7	-1.6	3.2	3.1	1.5
3. Transportation, Comm. & Utilities	92.0	95.2	97.0	98.9	0.2	3.5	1.9	2.0
4. Trade	297.2	320.0	334.8	346.3	6.0	7.7	4.6	3.4
Wholesale	110.3	116.1	119.0	120.8	4.3	5.3	2.5	1.5
Retail	186.9	203.9	215.8	225.5	7.1	9.1	5.8	4.5
5. Finance, Ins. and Real Estate	75.4	76.6	78.3	80.6	5.3	1.6	2.2	2.9
6. Services	230.2	250.3	266.4	280.3	6.7	8.7	6.4	5.2
7. Government	165.1	167.0	169.2	171.0	1.2	1.2	1.3	1.1
Federal	33.9	33.3	33.0	33.2	0.0	-1.8	-0.9	0.6
State & Local	131.2	133.7	136.2	137.8	1.5	1.9	1.9	1.2
Total Wage & Salary Employment	1056.2	1121.2	1162.4	1198.4	4.6	6.2	3.7	3.1

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Table 4 Atlanta MSA Personal Income for 1982 with Estimates for 1983 and Forecasts for 1984 through 1986
(Millions of Dollars)

	1982	1983	1984	1985	1986	81-82	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:										
1. Wage & Salary Income	18528	20646	22703	24884	27350	8.2	11.4	10.0	9.6	9.9
2. Other Labor Income	1826	2124	2410	2675	2954	14.3	16.3	13.5	11.0	10.4
3. Proprietors' Income	1024	1265	1553	1684	1808	-2.8	23.5	22.8	8.4	7.4
Farm	36	33	36	35	34	-12.2	-8.3	9.1	-2.8	-2.9
Nonfarm	988	1232	1517	1649	1774	-9.9	24.7	23.1	8.7	7.6
Labor & Proprietors' Income:										
1. Farm	49	48	52	52	53	-4.9	-2.0	8.3	0.0	1.9
2. Contract Construction	1040	1263	1430	1456	1549	3.5	21.4	13.3	1.8	6.4
3. Manufacturing	3521	3945	4375	4789	5226	4.8	12.0	10.9	9.5	9.1
Durables	1958	2216	2562	2854	3152	3.7	13.2	15.6	11.4	10.4
Nondurables	1563	1729	1813	1935	2074	6.1	10.6	4.9	6.7	7.2
4. Transportation & Utilities	2941	3209	3501	3816	4163	10.6	9.1	9.1	9.0	9.1
5. Trade	5107	5757	6422	7027	7646	8.1	12.7	11.6	9.4	8.8
Wholesale	2926	3292	3654	3994	4337	8.7	12.5	11.0	9.3	8.6
Retail	2181	2465	2768	3033	3309	7.3	13.0	12.3	9.6	9.1
6. Finance, Ins. & Real Estate	1607	1858	2049	2252	2509	13.3	15.6	10.3	9.9	11.4
7. Services	4000	4588	5258	5994	6809	10.7	14.7	14.6	14.0	13.6
8. Other Industries	90	101	113	123	135	13.9	12.2	11.9	8.8	9.8
9. Government	3023	3266	3466	3734	4022	5.4	8.1	6.1	7.7	7.7
Federal Civilian	852	900	920	965	1028	2.5	5.6	2.2	4.9	6.6
Federal Military	155	163	173	185	198	36.0	4.9	6.5	6.7	7.0
State & Local	2016	2203	2373	2584	2796	4.8	9.3	7.7	8.9	8.2
Plus:										
Property Income	3815	3880	4408	4936	5415	9.9	1.7	13.6	12.0	9.7
Transfer Payments	2630	2814	2958	3123	3364	10.3	7.0	5.1	5.6	7.7
Residence Adjustment	-501	-526	-545	-582	-593	-	-	-	-	-
Less: Social Ins. Contributions	1325	1494	1673	1918	2136	10.3	12.8	12.0	14.6	11.4
Equals: Total Personal Income	25997	28709	31814	34802	38162	8.4	10.4	10.8	9.4	9.7
Nonfarm Personal Income	25948	28661	31762	34750	38109	8.4	10.5	10.8	9.4	9.7
% of Georgia Nonfarm	47.09	49.26	49.74	50.18	50.53	-	-	-	-	-
Population (#,Thousands)*	2243	2292	2349	2409	2469	2.04	2.17	2.48	2.56	2.50

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	83-2	83-3	83-4	84-1(r)	84-2(p)	June(p)	83-2	83-3	83-4	84-1(r)	84-2(p)	June(p)
Total	2258.8	2285.8	2316.2	2347.9	2380.0	2389.4	1050.6	1061.1	1080.3	1099.3	1118.0	1115.8
Mining	7.2	7.4	7.5	7.8	7.9	7.9	-	-	-	-	-	-
Contract Construction	107.7	113.1	116.3	122.8	129.1	131.4	48.6	51.4	55.5	57.1	58.0	57.9
Manufacturing	505.1	511.5	519.5	526.9	530.0	532.0	145.0	145.7	148.4	151.9	152.9	153.8
Durables	182.6	185.5	189.4	195.9	199.0	201.3	73.6	74.0	76.4	79.5	80.7	81.9
Lumber	30.1	30.8	31.3	32.1	32.6	32.9	3.0	3.0	3.0	3.0	2.9	2.9
Furniture	9.8	9.9	9.9	10.0	10.1	10.0	3.9	3.9	4.1	4.2	4.1	4.0
Stone, Clay, Glass	17.0	17.1	17.5	17.4	17.3	17.5	7.7	7.9	8.1	8.2	8.2	8.3
Primary Metals	14.9	14.3	15.5	15.6	15.9	16.0	4.5	3.8	4.9	5.1	5.3	5.2
Fabricated Metals	19.1	19.6	19.8	20.5	20.3	20.3	8.3	8.5	8.9	8.9	8.6	8.7
Nonelectrical Machinery	20.4	20.9	21.6	22.1	22.6	22.8	7.6	7.8	7.9	7.8	8.1	8.2
Electrical Machinery	24.7	25.4	26.0	26.8	27.4	27.7	11.8	11.9	11.8	12.0	12.1	12.3
Transportation Equipment	34.8	35.6	35.7	39.2	40.3	41.5	21.8	22.1	22.5	25.0	25.8	26.6
Other Durables	11.8	11.9	12.1	12.2	12.5	12.6	5.0	5.1	5.2	5.3	5.6	5.7
Nondurables	322.5	326.0	330.1	331.0	331.0	330.7	71.4	71.7	72.0	72.4	72.2	71.9
Food	58.1	58.4	58.9	57.0	57.6	56.8	19.3	19.3	19.4	19.3	18.9	18.7
Textiles	102.0	104.1	105.4	106.4	106.4	106.7	4.3	4.2	4.0	4.0	4.2	4.1
Apparel	68.8	69.3	70.4	71.8	71.9	71.8	9.0	9.1	9.0	9.3	9.3	9.2
Paper	27.8	27.9	28.1	28.5	27.8	28.0	8.1	8.2	8.2	8.2	8.2	8.2
Printing	26.9	26.9	27.0	27.2	27.4	27.4	17.0	17.0	17.2	17.3	17.2	17.2
Chemicals	17.7	17.9	18.2	18.5	18.4	18.4	7.7	7.7	7.8	8.0	8.1	8.1
Leather	2.0	1.9	2.0	2.0	2.1	2.0	-	-	-	-	-	-
Other Nondurables	19.2	19.6	20.1	19.6	19.4	19.6	6.1	6.2	6.4	6.3	6.3	6.4
Transportation, Comm. & Util.	147.5	145.8	150.5	152.0	152.5	152.2	92.6	90.4	94.0	95.1	95.3	95.0
Trade	541.2	550.5	559.0	570.1	582.9	586.6	295.0	299.8	303.9	312.1	317.7	319.3
Wholesale	166.7	169.1	172.2	175.3	178.4	179.6	109.7	111.4	112.4	113.1	116.1	116.2
Retail	374.5	381.4	386.8	394.8	404.5	407.0	185.3	188.4	191.5	199.0	201.6	203.1
Finance, Ins. & Real Estate	120.7	121.4	122.8	124.7	126.0	126.2	75.1	75.5	76.2	77.2	76.3	76.2
Services	391.2	398.1	404.1	408.9	416.7	418.6	228.9	232.4	237.2	241.4	247.5	249.4
Government	438.2	438.0	436.5	434.7	434.9	434.5	165.4	165.9	165.1	164.5	170.3	164.2
Federal	85.8	86.4	87.1	87.1	86.2	85.6	33.7	34.0	34.4	34.2	33.7	33.1
State & Local	352.4	351.6	349.4	347.6	348.7	348.9	131.6	131.9	130.7	130.3	136.6	131.1

p = preliminary
r = revised

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Table 6 Metro Atlanta Housing Permits for 1982 and 1983 with Forecasts for 1984 through 1986

	1982		1983		1984		1985		1986	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1172	14	1370	30	1260	40	1360	60
Clayton	642	28	1269	6	1110	400	960	320	950	350
Cobb	3337	824	5986	4243	6030	4050	5630	3560	5910	3420
DeKalb	2023	1107	3119	4371	3050	2850	2630	2720	2760	2860
Douglas	307	4	658	6	560	20	510	30	620	50
Forsyth	277	30	463	14	575	60	620	100	690	160
Fulton	2175	2601	3748	3321	3260	3750	2730	3200	2880	3150
Gwinnett	3686	1523	5980	3226	5650	5200	5290	4100	5720	4000
Henry	334	10	602	18	580	10	530	20	590	20
Rockdale	261	138	437	144	550	100	580	140	640	170
Total	13936	6265	23434	15363	22735	16470	20740	14230	25120	14240
% Change From Previous Year	+37.7	+10.9	+65.1	+111.3	-3.0	+7.2	-8.8	-13.6	+21.1	0.1
% Change in Total (single + multi)	+28.0		+79.5		+1.1		-10.8		+12.6	

Note:
The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Atlanta Employment in 1989

	1983	1989	% Change	Annual Rate	Previous Annual Rate
Construction	50.5	62.5	23.8	3.6	2.7
Manufacturing	145.7	174.2	19.6	3.0	3.1
Durables:	74.2	97.2	31.0	4.6	4.3
Lumber	3.0	3.1	3.3	0.5	4.1
Furniture	3.9	4.2	7.7	1.2	1.4
Stone, Clay, Glass	7.8	9.2	17.9	2.8	3.7
Primary Metals	4.5	5.9	31.1	4.6	2.1
Fabricated Metals	8.3	9.5	14.5	2.3	3.2
Nonelectrical Machinery	7.7	10.0	29.9	4.5	4.9
Electrical Machinery	11.8	14.2	20.3	3.1	3.6
Transportation Equipment	22.2	33.9	52.7	7.3	5.3
Other Durables	5.0	7.2	44.0	6.3	6.9
Nondurables:	71.5	77.0	7.7	1.2	1.8
Food	19.3	20.0	3.6	0.6	1.6
Textiles	4.2	3.5	-16.7	-3.0	-1.1
Apparel	9.0	9.5	5.6	0.9	1.5
Paper	8.1	8.6	6.2	1.0	4.7
Printing	16.9	19.0	12.4	2.0	2.0
Chemicals	7.8	9.1	16.7	2.6	1.9
Other Nondurables	6.2	7.3	17.7	2.8	1.0
Transportation, Comm. & Utilities	92.0	105.2	14.3	2.3	2.3
Trade:	297.2	382.8	28.8	4.3	3.4
Wholesale	110.3	126.5	14.7	2.3	1.4
Retail	186.9	256.3	37.1	5.4	4.5
Finance, Ins. & Real Estate	75.4	86.9	15.3	2.4	2.5
Services	230.2	332.4	44.4	6.3	4.2
Government:	165.1	179.2	8.5	1.4	3.4
Federal	33.9	34.3	1.2	0.2	0.8
State & Local	131.2	144.9	10.4	1.7	4.0
Total Wage & Salary	1056.2	1323.2	25.3	3.8	3.3
Population	2292	2660	16.0	2.51	2.24

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Table 8 Atlanta Personal Income in 1989

	1983	1989	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	20646	37124	79.8	10.3	10.6
Other Labor Income	2124	3986	87.6	11.1	12.0
3. Proprietors' Income:	1265	2299	81.7	10.5	10.3
Farm	33	33	0.0	0.0	3.4
Nonfarm	1232	2266	83.9	10.7	10.5
Labor & Proprietors' Income:					
1. Farm	48	56	16.7	2.6	4.2
2. Contract Construction	1263	1880	48.8	6.8	10.4
3. Manufacturing:	3945	6751	71.1	9.4	11.2
Durables	2216	4162	87.8	11.1	12.3
Nondurables	1729	2589	49.7	7.0	9.5
4. Transportation, Comm. & Utilities	3209	5535	72.5	9.5	10.0
5. Trade:	5757	10122	75.8	9.9	10.0
Wholesale	3292	5722	73.8	9.7	9.5
Retail	2465	4400	78.5	10.1	12.3
6. Finance, Insurance & Real Estate	1858	3408	83.4	10.6	10.7
7. Services	4588	10335	125.3	14.5	12.0
8. Other Industries	101	183	81.2	10.4	9.8
9. Government:	3256	5139	57.3	7.8	10.4
Federal Civilian	900	1274	41.6	6.0	8.4
Federal Military	163	263	61.4	8.3	9.0
State & Local	2203	3602	63.5	8.5	11.3
Plus:					
Property Income	3880	7207	85.8	10.9	8.6
Transfer Payments	2814	4179	48.5	6.8	8.4
Residence Adjustment	-526	-646	-	-	-
Less: Social Ins. Contributions	1494	3065	105.2	12.7	12.7
Equals: Total Personal Income	28709	51084	77.9	10.1	10.3
Real Personal Income*	9143	11666	27.6	4.1	4.0
Atlanta CPI	314.0	437.9	39.5	5.7	6.0

* Assuming CPI rises 5.7% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bia

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